A copy of this preliminary prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada, except Quebec, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offense to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state of the United States.

PRELIMINARY PROSPECTUS

New Issue June 9, 2008

CRAIG WIRELESS SYSTEMS LTD.

Up to $ ●

Up to ● Subordinate Voting Shares
Price: $ ● per Subordinate Voting Share

This prospectus of Craig Wireless Systems Ltd. ("**CWS**" or the "**Company**") hereby qualifies for distribution the issuance of up to ● subordinate voting shares in the share capital of the Company (the "**Subordinate Voting Shares**") at a price of $ ● per Subordinate Voting Share for aggregate gross proceeds of up to $ ● (the "**Offering**"). See "Description of the Securities Distributed" and "Plan of Distribution".

CWS is a wireless service provider that holds or leases a portfolio of spectrum licenses over which it presently offers, intends to offer, or may offer, fully mobile broadband connection services, such as high-speed Internet, data communications services, video streaming and other high-bandwidth applications through a WiMAX-enabled network. WiMAX-based technology is a next generation wireless standard designed to meet growing demand for fully mobile, high speed broadband access. CWS presently holds spectrum licenses and leases in British Columbia and Manitoba, in the Coachella Valley, California and in Greece, Norway and New Zealand in the 2500-2690 MHz spectrum range (the "**2.5/2.6 GHz band**") and 3.5 GHz spectrum ranges, which are considered to be well suited for WiMAX-enabled networks.

The Subordinate Voting Shares are listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "CWG". The closing price for the Subordinate Voting Shares on the TSX on June ● , 2008, the last trading date prior to the date of this prospectus, was $ ● .

The Company has applied to the TSX to list the Subordinate Voting Shares to be issued pursuant to this Offering. The listing of the Subordinate Voting Shares is subject to the Company satisfying all of the requirements of the TSX.

The Subordinate Voting Shares are considered to be restricted securities within the meaning of NI 41-101 (as defined below). See "General Matters".

	Price to Public(1)	Agents' Fees	Proceeds to Company(2),(3)
Per Security	$ ●	$ ●	$ ●
Total	$ ●	$ ●	$ ●

(1) The price of the Subordinate Voting Shares was determined by negotiation between the Company and the Agents (as defined below).

(2) Net proceeds were determined after deducting the estimated expenses of the offering of $ ● (net of the Agents' commission), which are payable by the Company.

(3) We have granted the Agents an over-allotment option (the "**Over-Allotment Option**"), exercisable for a period of 30 days from the closing of the Offering (the "**Closing**"), to purchase up to 15% of the total number of Subordinate Voting Shares issued in connection with the Offering on the same terms as set out above solely to cover over-allotments, if any, and for market stabilization purposes. This prospectus qualifies the distribution of the Over-Allotment Option and the distribution of the Subordinate Voting Shares upon exercise of the Over-Allotment Option (the "**Over-Allotment Shares**"). See "Plan of Distribution".

Agents' Position	Maximum size or number of securities held	Exercise Period	Exercise Price
Over-Allotment Option	Option to sell up to ● Subordinate Voting Shares (15% of the total number of Subordinate Voting Shares issued in connection with the Offering)	Exercisable for a period of 30 days from Closing	$ ●

National Bank Financial Inc. and Clarus Securities Inc. as co-lead agents (collectively, the "**Lead Agents**"), and CIBC World Markets, Cormark Securities Inc. and RBC Capital Markets (together with the Lead Agents, the "**Agents**") conditionally offer the Subordinate Voting Shares on a best efforts agency basis, if, as and when issued by the Company and delivered and accepted by the Agents in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution". Subscriptions for Subordinate Voting Shares offered hereunder will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Subordinate Voting Shares and any Over-Allotment Shares issued pursuant to the Offering will be available for deposit through the book-based facilities of The Canadian Depositary for Securities Limited following the closing of the Offering (other than in respect of U.S. subscribers). Subject to applicable laws and in connection with the Offering, the Agents may over-allot or effect transactions which stabilize or maintain the market price of the Subordinate Voting Shares at levels which may otherwise prevail in the open market. See "Plan of Distribution".

An investment in the Subordinate Voting Shares is speculative and involves a high degree of risk. Purchases of these securities should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Company. An investment in these securities should only be considered by those persons who can afford a total loss of their investment. There are certain additional risk factors associated with investing in these securities. Investors should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in the securities qualified hereby.

See "Risk Factors".

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GENERAL MATTERS

In this prospectus the terms "Company", "CWS", "we", "us", "our" and "our company" refers to Craig Wireless Systems Ltd. and its subsidiaries as a whole, unless otherwise specified or context otherwise requires.

The Subordinate Voting Shares are restricted securities within the meaning of National Instrument 41-101 *General Prospectus Requirements* ("**NI 41-101**") because there is another class of shares of the Company that carries a greater number of votes per share. The holders of the Subordinate Voting Shares are entitled to one vote per Subordinate Voting Share held whereas holders of multiple voting shares in the share capital of the Company (the "**Multiple Voting Shares**") are entitled to 200 votes per Multiple Voting Share held.

The Company prepares its financial statements in Canadian dollars and in conformity with accounting principles generally accepted in Canada ("**GAAP**"). Unless otherwise indicated, all currency amounts in this prospectus and references to $ are stated in Canadian dollars.

Investors should rely only on the information contained in this prospectus. We have not, and the Agents have not, authorized anyone to provide investors with additional or different information. We are not, and the Agents are not, offering to sell these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of the Subordinate Voting Shares. Our business, financial conditions, results of operations and prospects may have changed since the date of this prospectus.

Market and industry data used throughout this prospectus was obtained from various publicly available sources. Although we believe that these independent sources are generally reliable, the accuracy and completeness of such information are not guaranteed and have not been verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and the limitations and uncertainty inherent in any statistical survey of market size, conditions and prospects.

Certain technical terms and phrases used in this prospectus are defined in the "Glossary of Technical Terms".

Except as otherwise indicated, any and all opinions and estimates presented are those of CWS' management.

ELIGIBILITY FOR INVESTMENT

In the opinion of Aikins, MacAulay & Thorvaldson LLP, counsel to the Company, and Goodmans LLP, counsel to the Agents, under the *Income Tax Act* (Canada) and the regulations thereto (the "**Tax Act**") in effect on the date hereof, provided the Subordinate Voting Shares are listed on a designated stock exchange (which includes the TSX), and subject to the provisions of any particular plan, the Subordinate Voting Shares offered under this prospectus would, if issued on the date hereof, be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans and registered disability savings plans, all as defined in the Tax Act.

FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this prospectus, such statements use such words as "may", "will", "expect", "believe", "plan", "intend", "should", "anticipate" and other similar terminology. These statements reflect current assumptions and expectations regarding future events and operating performance and speak only as of the date of this prospectus. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under "Risk Factors". Although the forward-looking statements contained in this prospectus are based upon what management believes are reasonable assumptions, neither we, nor the Agents, can assure investors that our actual results will be consistent with these forward-looking statements. We assume no obligation to update or revise these forward-looking statements to reflect new events or circumstances. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty in them.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Capitalized terms used but not defined in this summary are defined elsewhere in this prospectus. Unless otherwise indicated, the disclosure in this prospectus assumes no exercise of any outstanding options or warrants of the Company, including without limitation, the Over-Allotment Option.

CRAIG WIRELESS SYSTEMS LTD.

CWS is a wireless service provider that holds or leases a portfolio of spectrum licenses over which it presently offers, intends to offer, or may offer, fully mobile broadband connection services, such as high-speed Internet, data communications services, video streaming and other high-bandwidth applications through a WiMAX-enabled network. WiMAX-based technology is a next generation wireless standard designed to meet growing demand for fully mobile, high speed broadband access. The Company intends to capitalize on this growing market demand by (i) building and operating WiMAX-enabled networks and marketing the technology to customers in the applicable coverage areas; (ii) building and operating WiMAX-enabled networks and leasing excess capacity to Competitive Local Exchange Carriers ("**CLECs**"); and (iii) acquiring licenses for rights to operate on WiMAX compatible spectrum throughout the world, in jurisdictions in which the Company feels the spectrum rights are undervalued or pose an opportunity for accretive growth (see "Strategy").

CWS presently holds spectrum licenses and leases in British Columbia and Manitoba, in the Coachella Valley, California and in Greece, Norway and New Zealand, in the 2.5/2.6 GHz and 3.5 GHz spectrum ranges, which are considered to be well suited for, and have been widely designated by regulators for use in connection with WiMAX-enabled networks. (Source: WiMAX Forum) CWS has initiated an infrastructure build-out of WiMAX-enabled networks in Greece and the Coachella Valley, California. The spectrum licenses held or leased by the Company are subject to governmental regulation and allocation. Management believes that this causes the licenses to have significant inherent value and acts as a barrier to entry against competitors looking to deploy WiMAX-enabled networks.

CWS currently has legacy wireless broadband Internet services and legacy wireless digital television broadcasting distribution operations in Manitoba and British Columbia. These segments are not currently profitable as they have been maintained primarily to capitalize on future WiMAX-enabled service offerings and have not been aggressively marketed. The Company currently intends to migrate these services to a WiMAX-enabled platform.

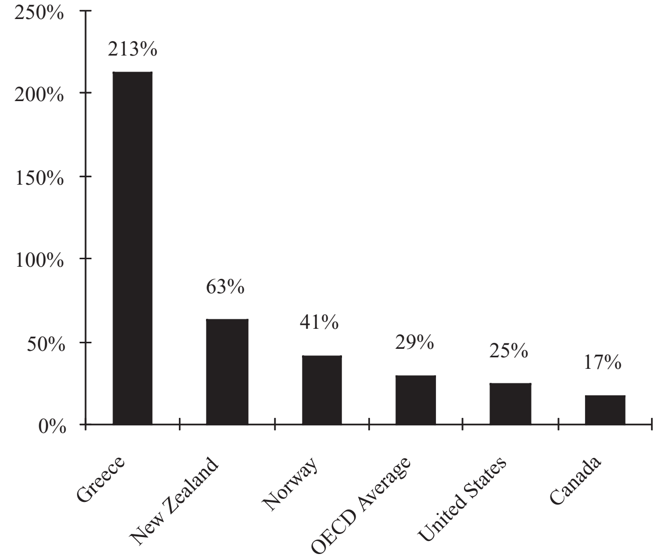
BROADBAND ACCESS MARKET

The demand for broadband access has grown, and continues to grow, significantly around the world, driven in part by the growth of bandwidth-intensive, Internet-based applications and services, such as hosted applications, multimedia content creation and delivery, voice-over-Internet-protocol ("**VoIP**") and data back-up and recovery. As broadband Internet penetration grows in developed markets, consumers in these markets are creating and using an increasingly diverse array of appliances and applications. The proliferation of Internet applications has also created a demand for increased mobility of broadband Internet services that allow consumers to do more away from their desktops, or to essentially take their desktops with them without sacrificing speed or functionality.

As a result, management believes that subscribers are increasingly seeking economical, highly reliable and scalable broadband services.

The following chart illustrates the rate of growth for the broadband market (from 2003 to 2007) in markets in which the Company holds or leases spectrum licenses:

Broadband Penetration Growth in Selected Markets
(CAGR 2003-2007)



* CAGR is an acronym for Compound Annual Growth Rate. (Source: OECD)

Increased demand for sophisticated wireless services, especially data communications services, has led wireless providers to migrate toward the next generation of digital voice and data networks. These networks provide wireless communications with wire-line quality sound, far higher data transmission speeds and streaming video capability, and support a variety of data applications, including high-speed Internet access, multimedia services and seamless access to corporate information systems such as email and purchasing systems.

Before the development of WiMAX, wireless broadband Internet services had evolved to meet the changes in consumer preferences and yielded two widely used technologies: WiFi and 3G. Each of these technological standards allowed people to use broadband Internet services away from their desktops, but had significant limitations: WiFi has a very limited range per base station, which significantly reduces mobility and 3G, while being highly mobile, has lower average bit rates (data transmission speeds) which reduces its utility. WiMAX-enabled networks will be able to provide Internet users with fully mobile broadband access over large geographic service areas at bit rates that are higher than any of the common broadband network technologies currently employed (see “WiMAX”).

WiMAX

WiMAX is a certification given to equipment that meets the standards of the WiMAX Forum, an industry trade organization formed for the purposes of promoting compatibility and interoperability of broadband wireless microwave access equipment that conforms to the IEEE 802.16 family of standards. The WiMAX Forum has more than 420 members comprised of equipment manufacturers, component manufacturers and network operators. Some of the major vendors that are members of the WiMAX Forum presently manufacturing WiMAX equipment include: Alcatel-Lucent, Motorola, Nokia, Samsung and Nortel. Each of these vendors has supplied equipment to operating WiMAX networks. The Company currently uses equipment from Alcatel-Lucent and Motorola.

WiMAX-based technology is designed to provide fast, simple and reliable broadband connections, both portable and mobile, to users anytime and anywhere within a specific coverage area. WiMAX is not simply a more powerful version of WiFi. Unlike WiFi, WiMAX networks are centrally controlled, synchronized multi-node networks operating in licensed spectrum. The combination of high bandwidth connectivity and mobility make WiMAX a leading technology for Fourth Generation (4G) networks.

WiMAX has gained significant momentum and acceptance and represents an opportunity for manufacturers to realize lower manufacturing costs through standardized chipsets and components. This momentum is evidenced by a number of industry leaders incorporating WiMAX-enabled technology into their products or developing WiMAX-enabled products. For example:

- On May 27, 2008, Intel announced that it intends to launch the next generation Centrino 2 mobile platform on July 14, 2008. The Centrino 2 platform will be the first platform to offer an integrated WiFi and WiMAX wireless access option, and Intel is expected to ship a complete line of chipsets and wireless chips in high volume by August, 2008.

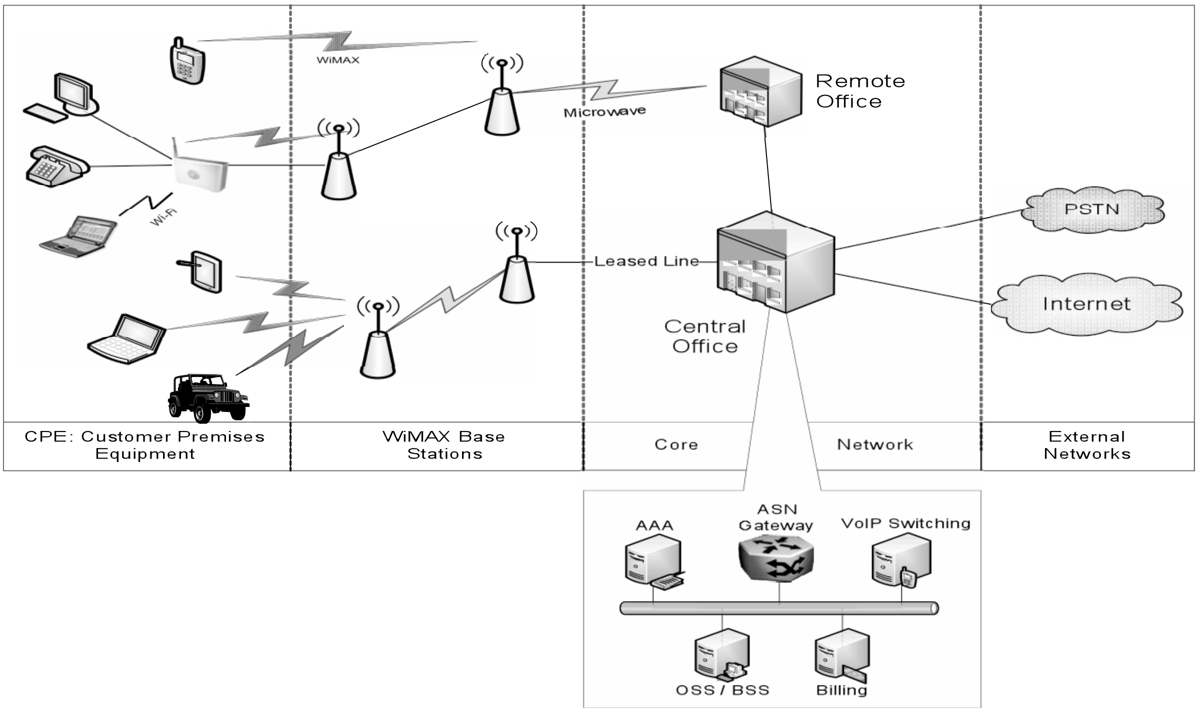
- In early May, 2008, it was announced that Sprint Nextel's WiMAX business unit is combining with Clearwire to build a nationwide 4G network. Cable companies Comcast, Time Warner, and Bright House Networks, along with Intel and Google, are contributing a combined $3.2 billion.

- In April 2008, Nokia previewed and began selling the N810 WiMAX, a handheld P.C. tablet that is compatible with the Sprint WiMAX networks. Features include a full keyboard, VoIP, GPS, a camera, web browsing, and email capabilities.

- On January 14, 2008, Chrysler LLC announced that it is working aggressively to develop advanced, in-vehicle wireless communications systems, ultimately using WiMAX technology.

As a standards-based technology for broadband wireless equipment (as its acceptance grows), WiMAX is expected to bring economies of scale to broadband wireless access equipment, delivering lower cost and higher performance than that achieved historically by proprietary approaches not based on open standards. The interoperability between WiMAX-enabled equipment from different manufacturers is expected by management to promote competition, lower unit prices and result in increased functionality.

The following is a schematic diagram and a brief description of how WiMAX networks operate:



Schematic legend:

"AAA" is terminology denoting the methodology of a server with respect to **A**uthentication, **A**uthorization and **A**ccounting or providing a loggable audit trail of user authentications ("triple A" server).

"ASN" means Access Service Network.

"PSTN" means public switched telephone network.

"OSS" means operations support system.

"BSS" means base station subsystem.

CPE or Customer Premises Equipment includes all WiMAX-enabled devices capable of communicating with the WiMAX network. To accommodate the ability of devices that may not themselves be WiMAX-enabled to connect and communicate with a WiMAX-enabled network, various types of external CPE devices are presently available including CPE equipment that acts as a router or gateway, creating the ability to connect a computer, or even a standard telephone set for VoIP, to a WiMAX-enabled network. As indicated above, in the near future Intel's integration of WiMAX in the Centrino 2 chipset will mean that many users will have the necessary modem built right into their notebook computers. The Company also believes that the next generation of smartphones will include a WiMAX network compatible modem.

Examples of CPE manufacturers that presently incorporate WiMAX-enabled technology into their products include Nokia Corporation Inc., Motorola, Inc., Airspan Networks Inc., LG Electronics, Inc. and Acer Inc.

WiMAX-enabled technology will allow users to log on to the Internet from anywhere within the coverage area. It is anticipated that some of the key advantages to WiMAX-enabled mobile wireless Internet will be:

- *Mobility vs. Portability* — The key competitive differentiator of mobile wireless Internet options is an always-on mobile connection. Full mobility refers to an 'always-on' service that can be delivered from any geographic location, at any time, including service delivery while the user is in motion. Portability refers to a service that can be offered from any geographic location, but cannot operate while being transported from place to place. Portable connections within a network coverage area normally require the user to sign into the system from a point of presence on the service provider's network.

- *Distance* — A WiMAX-enabled network offers continuous coverage throughout a service area. Unlike WiFi portable technology that currently only works within a particular “hot-spot”, mobile wireless Internet is expected to work throughout a citywide coverage area. The more cell-sites, the broader the coverage area will be.
- *Low Infrastructure Costs* — With no need for heavy underground and building wiring, deployment costs of broadband wireless solutions are less expensive than wire-line deployments.
- *Ease of Use* — Once the customer purchases the package, installation is simple and efficient. The subscriber inserts a compact disc into his or her computer, self installs software and logs into the network and billing system.
- *Security* — Every connection is centrally authenticated, encrypted and all session parameters are logged. Every modem issued is expected to have its own authentication code providing for security throughout the broadband wireless network.

In summary, WiMAX-enabled technology is well-suited to support the growing demand for broadband access. Unlike WiFi, WiMAX is mobile and has a robustness that can only be achieved with licensed spectrum. In particular, CWS believes that WiFi networks have significant limitations, primarily because such networks use unlicensed spectrum. This means that multiple competing networks may be built in the same area using the same spectrum, which can lead to signal interference problems and lack of capacity to meet consumer demand. In addition, unlike 3G wireless phone networks, WiMAX-enabled technology offers greater capacity at a lower cost per bit to the user and WiMAX-enabled networks can be designed to allow the customer to self-provision their modem, also resulting in lower operator costs.

The following chart provides a summary of the features of certain wireless delivery technologies:

Feature	**WiFi 802.11a/b/g(1)**	**GPRS/EDGE(2)**	**1xEV-DO(3)**	**HSPA(2)**	**WiMAX — 802.16e(4),(5),(6)**
Speed/Bandwidth Typical vs. Theoretical	Typical: 5-10 Mbps Theoretical: up to 54 Mbps	171 kbps to 384 kbps	Up to 2.4 Mbps	Typical: 1 to 7 Mbps Theoretical: up to 14.4 Mbps	Typical: 13 Mbps Theoretical: 75 Mbps(8)
Coverage Area	30 meters typically; up to 100 meters	Varies with frequency. Typically 1 to 4 km, more in rural areas.	Varies with frequency. Typically 0.8 km to 3 km, more in rural areas.	Varies with frequency. Typically 0.8 km to 3 km, more in rural areas.	Varies with band, 0.8 dense urban; 1.3 km urban; up to 30 km rural
Spectrum Requirement	Unlicensed 2.4 & 5.8 GHz bands. Subject to interference with other WiFi operators.	Licensed 800 MHz, 1.7, 1.9, 2 GHz bands and others around the world.	Licensed 1.7, 1.9, 2 GHz bands and others around the world.	Licensed 1.7, 1.9, 2 GHz bands and others around the world.	Licensed 2.5, 2.6 & 3.5 GHz bands and other bands around the world.
Mobile & Handoff Capabilities(7)	No	Yes	Yes	Yes	Yes

(1) (Source: WiFi Alliance web site www.wi-fi.org)

(2) (Source: GSM Alliance web site www.gsmworld.com)

(3) (Source: Nortel web site www.nortel.com)

(4) (Source: Intel web site www.intel.com)

(5) (Source: CWG internal technical documents)

(6) (Source: Altran presentation on The Institute of Engineering and Technology web site www.theiet.org)

(7) Handoff is described as a CPE being passed from one base station to another base station to continue service.

(8) Assumes Multiple Input Multiple Output antenna technology and 20 MHz channel.

In addition to the technologies set out in the chart above, the 3GPP (3^{rd} Generation Partnership Project) body has launched a project known as "UTRANLong Term Evolution" or "LTE". The purpose of this initiative is to develop a wireless standard for high speed data access that would surpass HSPA and possibly WiMAX. LTE uses many of the same technologies as WiMAX and is being positioned in the short term as a counter/competing technology to WiMAX. While LTE systems are being developed by a number of manufacturers, it is still too early to determine if LTE will be a rival or a complement to WiMAX. Due to the projected similarities in the technologies, there is some debate surrounding the possibility that a future development path may bring the WiMAX and LTE standards together in a unified system standard.

However, regardless of the outcome (i.e. whether LTE is eventually adopted over WiMAX-enabled technologies, or *vice-versa*), the Company believes that it is protected by a natural hedge through its strategy of acquiring suitable broadband spectrum in the 2.5 GHz/2.6 GHz band. The hedge results from the fact that the 2.5 GHz/2.6 GHz band is included in the LTE band specification and therefore the inherent value of spectrum in this band should continue to increase in value, regardless of the technology deployed over it.

STRATEGY

We believe that WiMAX-based networks and technology are well positioned to take advantage of the growing demand for broadband services without the constraints faced by WiFi and other technologies. The Company intends to capitalize on this demand by (i) building and operating WiMAX-enabled networks and marketing the technology to customers in the applicable coverage area; (ii) building and operating WiMAX-enabled networks and leasing excess capacity to CLECs; and (iii) acquiring licenses for rights to operate on WiMAX compatible spectrum throughout the world, in jurisdictions in which the Company feels the spectrum rights are undervalued or pose an opportunity for accretive growth (see "Our Business — Description of the CWS' Markets — History, Current and Planned Business and CWS Spectrum Assets").

CWS is well positioned, through its portfolio of licensed and leased spectrum, experience in the provision of digital television and broadband access services and through its WiMAX-based mobile/portable communications services business, to capitalize on the increasing demand for portability and mobility in broadband markets and to execute on its operational strategies. See "Our Business."

In its pursuit of global spectrum license opportunities, CWS assesses spectrum purchase targets with respect to their attributes including tradeability, build-out requirements, market population density, competitive forces and global positioning. This allows the Company the opportunity to hold the spectrum and consider whether to build-out networks or position the spectrum rights for sale at a future date. To date, strategic spectrum assets have not only retained value but have risen in value when compared to values attained in subsequent spectrum auctions for similar frequencies. The Company has consistently pursued, and will continue to pursue, WiMAX-compatible spectrum assets to facilitate its development-or-asset holding strategies.

CWS SPECTRUM ASSETS

All of the spectrum licenses held or leased by the Company are in, and all of the services provided or planned to be provided by the Company operate over, the 2.5 GHz/2.6 GHz and 3.5 GHz spectrum bands.

In order to design and deploy a broadband wireless network capable of offering high data throughput concurrently to thousands of users it is necessary to have a significant block of licensed spectrum. Critical regulatory changes (some of which the Company actively supported through regulatory filings and other activities) that allocated the 2.5/2.6 GHz (2500 to 2690 MHz) band in North America and the 3.5/3.8 GHz band in Europe have created the spectrum blocks needed for WiMAX networks (See "Government Regulation"). The spectrum licenses held or leased by the Company all have a common feature: sufficient spectrum for deployment of a cellularized broadband wireless network. The Company believes that the scarcity of spectrum, coupled with the anticipated growth in user demand for broadband connectivity, will continue to increase the value of its spectrum assets.

The following is a chart summarizing the spectrum licenses held or leased by the Company:

Country	Canada		United States	Greece	Norway	New Zealand
Region	BC(1)(2)	Manitoba(1)(3)	Palm Springs			
Spectrum	90 MHz (2.6 GHz)	Various locations (including Winnipeg and Brandon): 90 MHz (2.6 GHz) In Winnipeg: 24 MHz (2.5 GHZ) In Brandon: 14 MHz (2.5 GHz)	Among two leases: 84 MHz (2.5 GHz) and 24 MHz (2.6 GHz)	56 MHz (3.5 GHz)	50 MHz (2.5 GHz)	20 MHz (2.5 GHz)(4) 20 MHz (2.6 GHz)(4)
Transferability	Yes(5)	Yes(5)	Yes(6)	Yes(8)	Yes(9)	Yes(10)
Mobility	Yes(1)(2)	Yes(1)(3)	Yes	Yes(7)	Yes(9)	Yes(11)

See the footnotes to this table in "Our Business — CWS Spectrum Assets"

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following consolidated financial data is derived from, and should be read in conjunction with, the detailed information contained in the audited financial statements of CWS, consisting of the consolidated balance sheets of the Company as at the years ended August 31, 2006 and 2007 and the consolidated statements of earnings and deficit and of cash flows for each of the years in the two-year period ended August 31, 2007 and the notes thereto, all of which are included elsewhere in this prospectus:

	Six Month Period Ended February 29, 2008	Year Ended August 31, 2007	Year Ended August 31, 2006
	(unaudited)	(audited)	(audited)
Working capital	$ 4,365,982	$25,221,386	$(27,502,805)
Intangible assets	$25,501,541	$10,763,554	$ 10,599,614
Tangible assets	$ 7,814,083	$ 5,716,798	$ 5,541,661
Total assets	$48,119,671	$58,836,504	$ 18,101,371
Revenue	$ 951,457	$ 2,273,402	$ 2,407,886
Operating expenses	$ 3,977,421	$11,527,721	$ 4,198,683
Operating loss	$ 3,317,527	$10,006,431	$ 2,727,412
Net loss	$ 1,963,165	$ 9,384,525	$ 2,856,188

THE OFFERING

Issuer:	Craig Wireless Systems Ltd.
Offering:	● Subordinate Voting Shares in the capital of CWS
Offering Price:	$ ● per Subordinate Voting Share
Over-Allotment Option:	The Agents have been granted the Over-Allotment Option to cover over-allotments if any, and for market stabilization purposes, which will allow the Agents to purchase from CWS up to 15% of the total Subordinate Voting Shares issued in connection with the Offering at the price and on the same terms as set forth in this prospectus, for a period of 30 days from the date of the completion of the Offering.
Use of Proceeds:	The Company intends to use 30 - 40% of the net proceeds from the Offering for general corporate purposes including for expenses relating to the commencement of operations in certain of its markets and for operating expenses. The Company intends to use the balance of the net proceeds of the Offering to pursue growth opportunities, including direct or indirect strategic acquisitions of additional spectrum licenses or rights, and for capital expenditures. While we intend to use the funds available as stated in this Prospectus, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.
Stock Exchange Listings:	The Subordinate Voting Shares are listed on the TSX under the symbol “CWG”.
Agents:	Syndicate of Agents co-led by National Bank Financial Inc. and Clarus Securities Inc. and including CIBC World Markets, Cormark Securities Inc., and RBC Capital Markets.
Agency Commission:	6.0%
Risk Factors	An investment in the Subordinate Voting Shares is speculative and involves a high degree of risk. Purchases of these securities should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Company. An investment in these securities should only be considered by those persons who can afford a total loss of their investment. There are certain additional risk factors associated with investing in these securities. Investors should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in the securities qualified hereby. See “Risk Factors”.

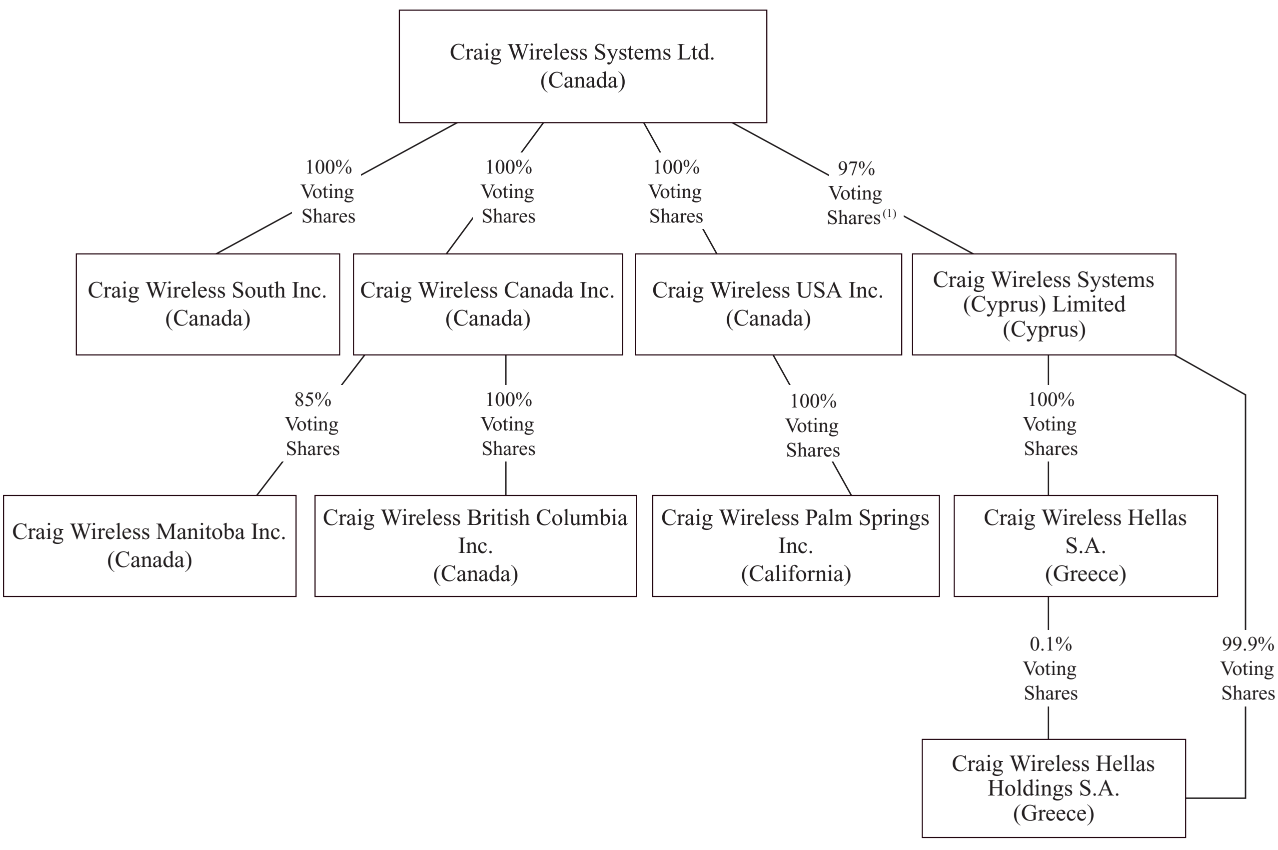
THE COMPANY

Craig Wireless Systems Ltd. is governed by the *Canada Business Corporations Act* (the "**CBCA**"), pursuant to articles of amalgamation dated September 1, 2007 (the "**Articles**"). The head office of CWS is located at 6th Floor – 177 Lombard Avenue, Winnipeg, Manitoba, R3B 0W5. The registered office of CWS is located at 100 King Street, 39th Floor, First Canadian Place, Toronto, Ontario, M5X 1B2.

On September 1, 2007, the predecessor corporation to the Company (also called Craig Wireless Systems Ltd.) ("**Predecessor CWS**") completed a business combination pursuant to an agreement between SSQ Acquisitions Inc. ("**SSQ**") a capital pool company (as defined in the TSX Venture Exchange Policy 2.4 — Capital Pool Companies), 6809278 Canada Inc. ("**SSQ Subco**"), Manalta Investment Company Ltd. and Predecessor CWS. The business combination was structured as a "three-cornered" amalgamation involving SSQ, Predecessor CWS and SSQ Subco pursuant to which SSQ acquired all of the issued and outstanding shares of Predecessor CWS from the holders of shares of Predecessor CWS in exchange for shares of SSQ. On the same day, immediately after the amalgamation, SSQ and the newly amalgamated entity proceeded with a subsequent amalgamation and the amalgamated company continued as the Company. Upon completion of the transaction, the Company became a reporting issuer.

Intercorporate Relationships

The following is a summary of the intercorporate relationships between CWS and certain of its subsidiaries, which together comprise the Company:



(1) CWS exercises control over 100% of the voting shares as it controls the remaining 3% of Craig Wireless Systems (Cyprus) Limited pursuant to a voting trust agreement between CWS, Craig Wireless Systems (Cyprus) Limited and certain other shareholders of Craig Wireless Systems (Cyprus) Limited dated January 1, 2007.

OUR BUSINESS

Company Overview

CWS is a wireless service provider that holds or leases a portfolio of spectrum licenses over which it presently offers, intends to offer, or may offer, fully mobile broadband connection services, such as high-speed Internet, data communications services, video streaming and other high-bandwidth applications through a WiMAX-enabled network. WiMAX-based technology is a next generation wireless standard designed to meet growing demand for fully mobile, high speed broadband access. The Company intends to capitalize on this growing market demand by (i) building and operating WiMAX-enabled networks and marketing the technology to customers in the applicable coverage areas; (ii) building and operating WiMAX-enabled networks and leasing excess capacity to Competitive Local Exchange Carriers ("**CLECs**"); and (iii) acquiring licenses for rights to operate on WiMAX compatible spectrum throughout the world, in jurisdictions in which the Company feels the spectrum rights are undervalued or pose an opportunity for accretive growth (see "Strategy").

CWS presently holds spectrum licenses and leases in British Columbia and Manitoba, in the Coachella Valley, California and in Greece, Norway and New Zealand, in the 2.5 GHz/2.6 GHz and 3.5 GHz spectrum ranges, which are considered to be well suited for, and have been widely designated by regulators for use in connection with WiMAX-enabled networks. (Source: WiMAX Forum) CWS has initiated an infrastructure build-out of WiMAX-enabled networks in Greece and the Coachella Valley, California. The spectrum licenses held or leased by the Company are subject to governmental regulation and allocation. Management believes that this causes the licenses to have significant inherent value and acts as a barrier to entry against competitors looking to deploy WiMAX-enabled networks.

CWS currently has legacy wireless broadband Internet services and legacy wireless digital television broadcasting distribution operations in Manitoba and British Columbia. These segments are not currently profitable as they have been maintained primarily to capitalize on future WiMAX-enabled service offerings and have not been aggressively marketed. The Company currently intends to migrate these services to a WiMAX-enabled platform.

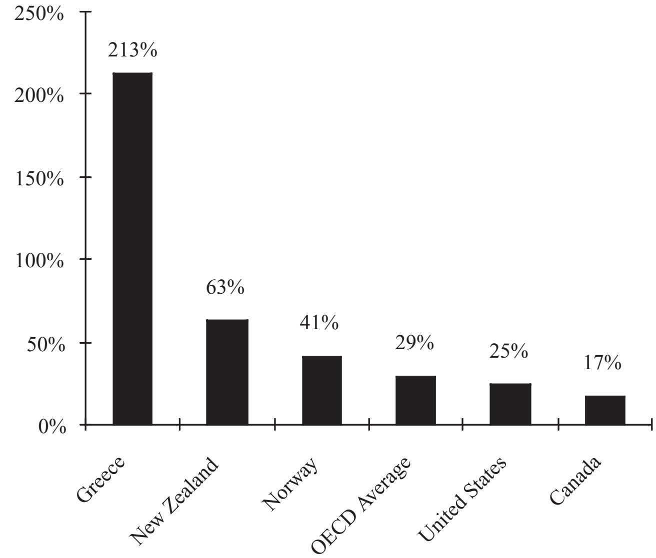
Broadband Access Market

The demand for broadband access has grown, and continues to grow, significantly around the world, driven in part by the growth of bandwidth-intensive, Internet-based applications and services, such as hosted applications, multimedia content creation and delivery, voice-over-Internet-protocol ("**VoIP**") and data back-up and recovery. As broadband Internet penetration grows in developed markets, consumers in these markets are creating and using an increasingly diverse array of appliances and applications. The proliferation of Internet applications has also created a demand for increased mobility of broadband Internet services that allow consumers to do more away from their desktops, or to essentially take their desktops with them without sacrificing speed or functionality.

As a result, management believes that subscribers are increasingly seeking economical, highly reliable and scalable broadband services.

The following chart illustrates the rate of growth for the worldwide broadband market (from 2003 to 2007) in markets where the Company holds or leases spectrum licenses:

Broadband Penetration Growth in Selected Markets
(CAGR 2003-2007)



* CAGR is an acronym for Compound Annual Growth Rate (Source: OECD)

Globally, there has been a steady rise in Internet users and usage as evolving technologies become more accessible and economical for the end user. Worldwide from 2000 to Q1 2008, we have seen an increase of 290% in Internet user growth. Leading the way has been the Middle East (1,176.8% increase) and Africa (1,030.2% increase) followed by Europe with a 263.5% increase since 2000, and North America coming in at 127.9%. Internationally, Europe, with 382 million Internet users is second only to Asia, however, even with such a large base, Europe's Internet penetration is only 47.7% making it a very attractive market. In North America (US and Canada), the current penetration rate is much higher at 73.1% or nearly 246 million users. As a result of such a high penetration rate for North America, we are likely not going to continue to see a dramatic increase in users, but rather a higher migration from one technology to another, primarily from fixed line to wireless (Source: Miniwatts Marketing Group).

Increased demand for sophisticated wireless services, especially data communications services, has led wireless providers to migrate toward the next generation of digital voice and data networks. These networks provide wireless communications with wire-line quality sound, far higher data transmission speeds and streaming video capability, and support a variety of data applications, including high-speed Internet access, multimedia services and seamless access to corporate information systems such as e-mail and purchasing systems.

Before the development of WiMAX, wireless broadband Internet services had evolved to meet the changes in consumer preferences and yielded two widely used technologies: WiFi and 3G. Each of these technological standards allowed people to use broadband Internet services away from their desktops, but had significant limitations: WiFi has a very limited range per base station, which significantly reduces mobility and 3G, while being highly mobile, has lower average bit rates (data transmission speeds) which reduces its utility. WiMAX-enabled networks will be able to provide Internet users with fully mobile broadband access over large geographic service areas at bit rates that are higher than any of the common broadband network technologies currently employed (see "Our Business — The WiMAX Advantage").

The WiMAX Advantage

WiMAX is a certification given to equipment that meets the standards of the WiMAX Forum, an industry trade organization formed for the purposes of promoting compatibility and interoperability of broadband wireless microwave access equipment that conforms to the IEEE 802.16 family of standards. The WiMAX Forum has more than 420 members comprised of equipment manufacturers, component manufacturers and network operators Some of the major vendors that are members of the WiMAX Forum presently manufacturing WiMAX equipment include: Alcatel-Lucent, Motorola, Nokia, Samsung and Nortel. Each of these vendors has supplied equipment to operating WiMAX networks. The Company currently uses equipment from Alcatel-Lucent and Motorola.

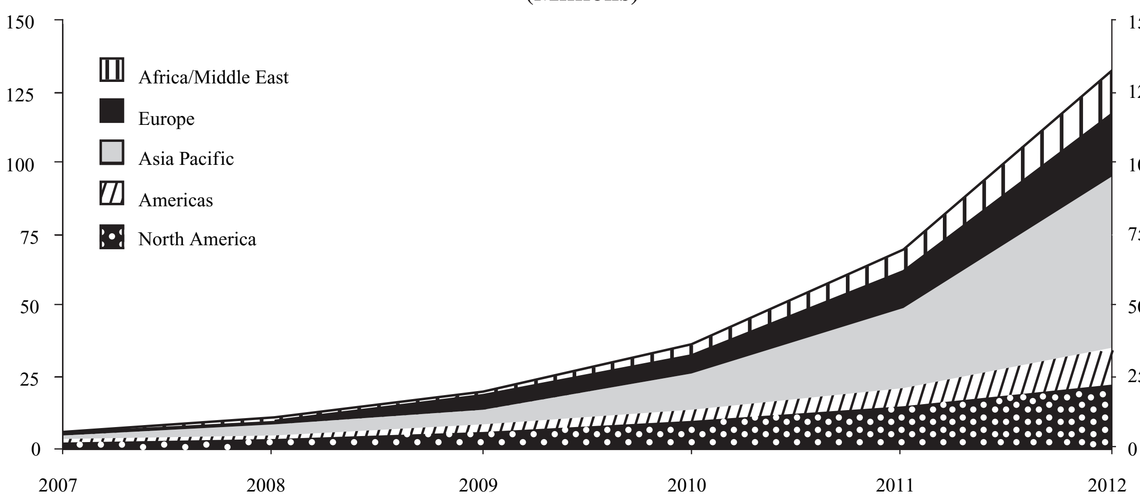
WiMAX-based technology is designed to provide fast, simple and reliable broadband connections, both portable and mobile, to users anytime and anywhere within a specific coverage area. WiMAX is not simply a more powerful version of WiFi. Unlike WiFi, WiMAX networks are centrally controlled, synchronized multi-node networks operating in licensed spectrum. The combination of high bandwidth connectivity and mobility make WiMAX a leading technology for Fourth Generation (4G) networks. WiMAX technology has also evolved to include far easier user self-registration (resulting in lower cost to providers) as well as advanced control and monitoring tools that allow operators to better control system parameters and maintenance costs when compared to previous generations of wireless data systems.

WiMAX has gained significant momentum and acceptance and represents an opportunity for manufacturers to realize lower manufacturing costs through standardized chipsets and components. This momentum is evidenced by a number of industry leaders incorporating WiMAX-enabled technology into their products or developing WiMAX-enabled products. For example:

- On May 27, 2008, Intel announced that it intends to launch the next generation Centrino 2 mobile platform on July 14, 2008. The Centrino 2 platform will be the first platform to offer an integrated WiFi and WiMAX wireless access option, and Intel is expected to ship a complete line of chipsets and wireless chips in high volume by August, 2008.
- In early May, 2008, it was announced that Sprint Nextel's WiMAX business unit is combining with Clearwire to build a nationwide 4G network. Cable companies Comcast, Time Warner, and Bright House Networks, along with Intel and Google, are contributing a combined $3.2 billion.
- In April 2008, Nokia previewed and began selling the N810 WiMAX, a handheld P.C. tablet that is compatible with the Sprint WiMAX networks. Features include a full keyboard, VoIP, GPS, a camera, web browsing, and email capabilities.
- On January 14, 2008, Chrysler LLC announced that it is working aggressively to develop advanced, in-vehicle wireless communications systems, ultimately using WiMAX technology.

The following chart illustrates the current projected number of users of WiMAX-enabled technology by region (Source: WiMAX Forum):

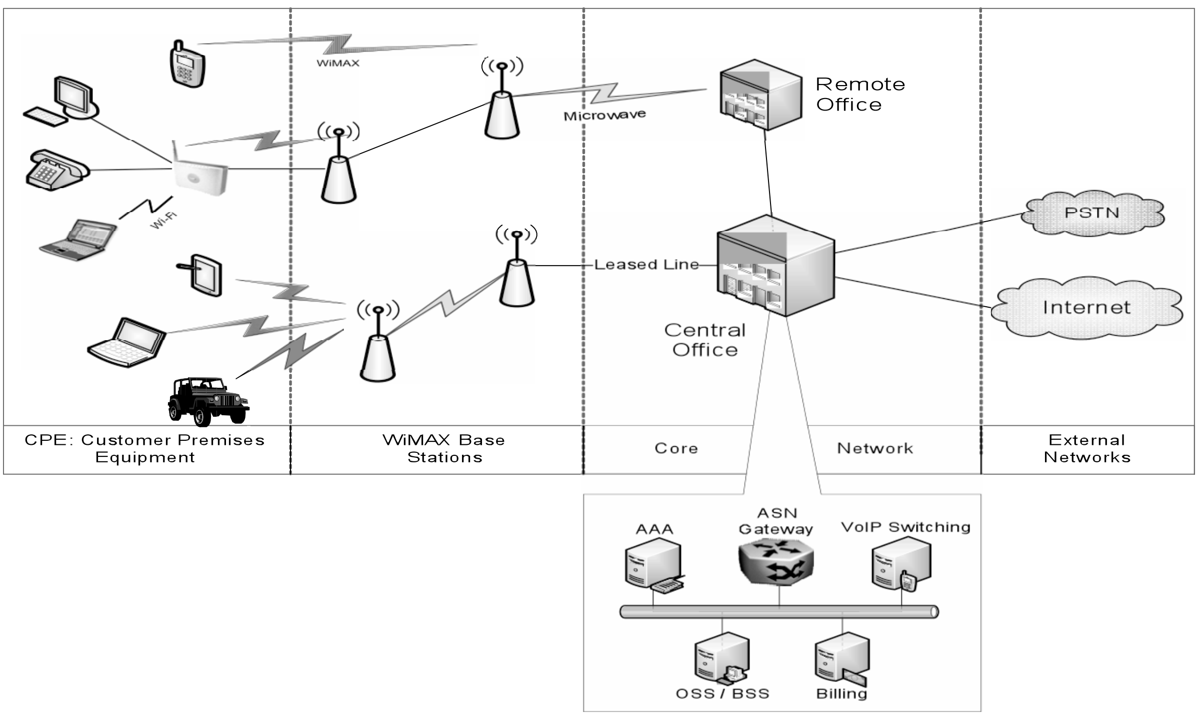
WiMAX Users by Region
(Millions)



As a standards-based technology for broadband wireless equipment (as its acceptance grows), WiMAX is expected to bring economies of scale to broadband wireless access equipment, delivering lower cost and higher performance than that achieved historically by proprietary approaches not based on open standards. The interoperability between WiMAX-enabled equipment from different manufacturers is expected by management to promote competition, lower unit prices and result in increased functionality.

Typical infrastructure for each WiMAX network consists of a data centre, cell sites, backhaul network and modems (CPE). Cell site are often designed for a coverage radius of 0.8 kilometer in urban/dense urban environments and wider coverage in suburban and rural areas. Most WiMAX system manufacturers are also introducing new technologies such as MIMO and Adaptive Antenna Arrays, which have the effect of increasing cell site throughput and stretching cell site coverage. Users connect to the network through a WiMAX compatible modem (CPE) connected to their computer via USB or ethernet. In the near future Intel's integration of WiMAX in the Centrino 2 chipset will mean that many users will have the necessary modem built right into their notebook computers. The Company also believes that the next generation of smartphones will include a WiMAX network compatible modem.

The following is a schematic diagram and a brief description of how WiMAX networks operate:



Schematic legend:

"AAA" is terminology denoting the methodology of a server with respect to **A**uthentication, **A**uthorization and **A**ccounting or providing a loggable audit trail of user authentications ("triple A" server).

"ASN" means Access Service Network.

"PSTN" means public switched telephone network.

"OSS" means operations support system.

"BSS" means base station subsystem.

CPE or Customer Premises Equipment includes all WiMAX-enabled devices capable of communicating with the WiMAX network. To accommodate the ability of devices that may not themselves be WiMAX-enabled to connect and communicate with a WiMAX-enabled network, various types of external CPE devices are presently available including CPE equipment that acts as a router or gateway, creating the ability to connect a computer, or even a standard telephone set for VoIP, to a WiMAX-enabled network. As indicated above, in the near future Intel's integration of WiMAX in Centrino 2 chipset will mean that many users will have the necessary modem built right into their notebook computers.

Examples of CPE that presently incorporate WiMAX-enabled technology and the manufacturers thereof include:

- Nokia Corporation Inc. — the Nokia N810 Internet Tablet — WiMAX Edition.
- Motorola, Inc — PCCw 200 Series (PC Card Modem)
- Airspan Networks Inc. — WiMAX USB (USB Modem)
- LG Electronics, Inc. — WiMAX KC1 PDA Cell Phone
- Acer Inc. — Aspire One (Notebook)

Base stations serve as the access points for WiMAX-enabled CPE, and are each connected back to the core network either through a variety of intermediary links and remote offices or directly to the central office. These connections can be achieved either through dedicated microwave radio links or leased lines on new or existing fiber optic and copper networks.

The core network is the main processing and connectivity point for all communication on the WiMAX-enabled network. The central office plays a key role in housing the central hub of the WiMAX-enabled network, the ASN Gateway. The ASN Gateway is responsible for the end to end connectivity between the WiMAX-enabled network and other internal (VoIP, Video, etc.) or external (Internet) networks to provide services to subscribers.

WiMAX-enabled technology will allow users to log on to the Internet from anywhere within the coverage area. It is anticipated that some of the key advantages to a WiMAX-enabled mobile wireless Internet will be:

- *Mobility vs. Portability* — The key competitive differentiator of mobile wireless Internet options is an always-on mobile connection. Full mobility refers to an 'always-on' service that can be delivered from any geographic location, at any time, including service delivery while the user is in motion. Portability refers to a service that can be offered from any geographic location, but cannot operate while being transported from place to place. Portable connections within a network coverage area normally require the user to sign into the system from a point of presence on the service provider's network.
- *Distance* — A WiMAX-enabled network offers continuous coverage throughout a service area. Unlike WiFi portable technology that currently only works within a particular "hot-spot", mobile wireless Internet is expected to work throughout a citywide coverage area. The more cell-sites, the broader the coverage area will be.
- *Low Infrastructure Costs* — With no need for heavy underground and building wiring, deployment costs of broadband wireless solutions are less expensive than wire-line deployments.
- *Ease of Use* — Once the customer purchases the package, installation is simple and efficient. The subscriber inserts a compact disc into his or her computer, self installs software and logs into the network and billing system.
- *Security* — Every connection is centrally authenticated, encrypted and all session parameters are logged. Every modem issued is expected to have its own authentication code providing for security throughout the broadband wireless network.

In summary, WiMAX-enabled technology is well-suited to support the growing demand for broadband access. Unlike WiFi, WiMAX is mobile and has a robustness that can only be achieved with licensed spectrum. In particular, CWS believes that WiFi networks have significant limitations, primarily because such networks use unlicensed spectrum. This means that multiple competing networks may be built in the same area using the same spectrum, which can lead to signal interference problems and lack of capacity to meet consumer demand. In addition, unlike 3G wireless phone networks, WiMAX-enabled technology offers greater capacity at a lower cost per bit to the user and WiMAX-enabled networks can be designed to allow the customer to self-provision their modem, also resulting in lower operator costs.

The following chart provides a summary of the features of certain wireless delivery technologies:

Feature	WiFi 802.11a/b/g[(1)]	GPRS/EDGE[(2)]	1xEV-DO[(3)]	HSPA[(2)]	WiMAX — 802.16e[(4)(5)(6)]
Speed/Bandwidth Typical vs. Theoretical	Typical: 5-10 Mbps Theoretical: up to 54 Mbps	171 kbps to 384 kbps	Up to 2.4 Mbps	Typical: 1 to 7 Mbps Theoretical: up to 14.4 Mbps	Typical: 13 Mbps Theoretical: 75 Mbps[(8)]
Coverage Area	30 meters typically; up to 100 meters	Varies with frequency. Typically 1 to 4 km, more in rural areas.	Varies with frequency. Typically 0.8 km to 3 km, more in rural areas.	Varies with frequency. Typically 0.8 km to 3 km, more in rural areas.	Varies with band, 0.8 dense urban; 1.3 km urban; up to 30 km rural
Spectrum Requirement	Unlicensed 2.4 & 5.8 GHz bands. Subject to interference with other WiFi operators.	Licensed 800 MHz, 1.7, 1.9, 2 GHz bands and others around the world.	Licensed 1.7, 1.9, 2 GHz bands and others around the world.	Licensed 1.7, 1.9, 2 GHz bands and others around the world.	Licensed 2.5, 2.6 & 3.5 GHz bands and other bands around the world.
Mobile & Handoff Capabilities[(7)]	No	Yes	Yes	Yes	Yes

(1) (Source: WiFi Alliance web site www.wi-fi.org)

(2) (Source: GSM Alliance web site www.gsmworld.com)

(3) (Source: Nortel web site www.nortel.com)

(4) (Source: Intel web site www.intel.com)

(5) (Source: CWG internal technical documents)

(6) (Source: Altran presentation on The Institute of Engineering and Technology web site www.theiet.org)

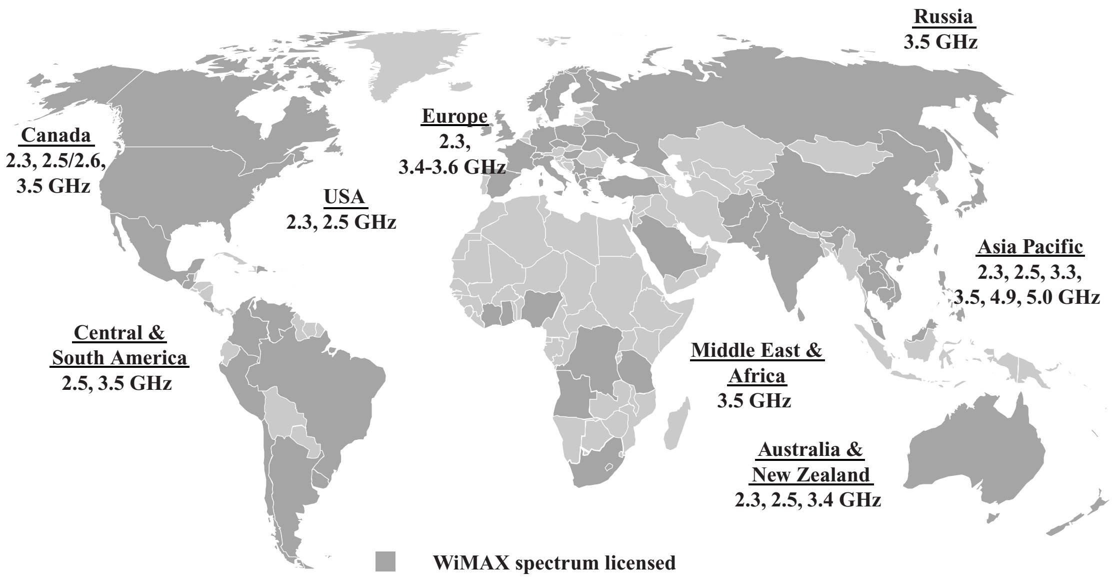
(7) Handoff is described as a CPE being passed from one base station to another base station to continue service.

(8) Assumes Multiple Input Multiple Output antenna technology and 20 MHz channel.

In addition to the technologies set out in the chart above, the 3GPP (3^{rd} Generation Partnership Project) body has launched a project known as "UTRANLong Term Evolution" or "LTE". The purpose of this initiative is to develop a wireless standard for high speed data access that would surpass HSPA and possibly WiMAX. LTE uses many of the same technologies as WiMAX and is being positioned in the short term as a counter/competing technology to WiMAX. While LTE systems are being developed by a number of manufacturers, it is still too early to determine if LTE will be a rival or a complement to WiMAX. Due to the projected similarities in the technologies there is some debate surrounding the possibility that a future development path may bring the WiMAX and LTE standards together in a unified system standard.

However, regardless of the outcome (i.e. whether LTE is eventually adopted over WiMAX-enabled technologies, or *vice-versa*), the Company believes that it is protected by a natural hedge through its strategy of acquiring suitable broadband spectrum in the 2.5 GHz/2.6 GHz band. The hedge results from the fact that the 2.5 GHz/2.6 GHz band is included in the LTE band specification and therefore the inherent value of spectrum in this band should continue to increase in value, regardless of the technology deployed over it.

The following graphic provides an overview of the areas around the world where WiMAX-capable spectrum bands exist:



(Source: Intel, the WiMAX Forum)

Our Strategy

We believe that WiMAX-based networks and technology are well positioned to take advantage of the growing demand for broadband services without the constraints faced by WiFi and other technologies. The Company intends to capitalize on this demand by (i) building and operating WiMAX-enabled networks and marketing the technology to customers in the applicable coverage area; (ii) building and operating WiMAX-enabled networks and leasing excess capacity to CLECs; and (iii) acquiring licenses for rights to operate on WiMAX compatible spectrum throughout the world, in jurisdictions in which the Company feels the spectrum rights are undervalued or pose an opportunity for accretive growth (see "Our Business — Description of the CWS' Markets — History, Current and Planned Business" and "CWS Spectrum Assets").

CWS is well positioned, through its portfolio of licensed and leased spectrum, experience in the provision of digital television and broadband access services and through its WiMAX-based mobile/portable communications services business, to capitalize on the increasing demand for portability and mobility in broadband markets and to execute on its operational strategies.

In its pursuit of global spectrum license opportunities, CWS assesses spectrum purchase targets with respect to their attributes including tradeability, build-out requirements, market population density, competitive forces and global positioning. This allows the Company the opportunity to hold the spectrum and consider whether to build-out networks or position the spectrum rights for sale at a future date. To date, strategic spectrum assets have not only retained value but have risen in value when compared to values attained in subsequent spectrum auctions for similar frequencies. The Company has consistently pursued, and will continue to pursue, WiMAX-compatible spectrum assets to facilitate its development-or-asset holding strategies.

The value of licensed spectrum and its recognition as a scarce resource was recently seen in a spectrum auction (No. 73, March 2008) that was conducted by the U.S. Federal Communications Commission for spectrum in the 700 MHz band, in which total bidding proceeds of US$19 billion were realized. This was the highest grossing auction in U.S. history and in fact realized more money than all other US auctions combined. CWS believes that through its holdings or lease of licenses in Manitoba, British Columbia, the Coachella Valley, Greece, Norway and New Zealand, it is well-positioned to grow with this industry in those markets.

CWS Spectrum Assets

All of the spectrum licenses held or leased by the Company are in, and all of the services provided or planned to be provided by the Company operate over, the 2.5 GHz/2.6 GHz and 3.5 GHz spectrum bands.

In order to design and deploy a broadband wireless network capable of offering high data throughput concurrently to thousands of users it is necessary to have a significant block of licensed spectrum. Critical regulatory changes (some of which the Company actively supported through regulatory filings and other activities) that allocated the 2.5/2.6 GHz (2500 to 2690 MHz) band in North America and the 3.5/3.8 GHz band in Europe have created the spectrum blocks needed for WiMAX networks (See "Government Regulation"). The spectrum licenses held or leased by the Company all have a common feature: sufficient spectrum for deployment of a cellularized broadband wireless network. The Company believes that the scarcity of spectrum, coupled with the anticipated growth in user demand for broadband connectivity, will continue to increase the value of its spectrum assets.

The following is a chart summarizing the spectrum licenses held or leased by the Company:

Country	**Canada**		**United States**	**Greece**	**Norway**	**New Zealand**
Region	BC[(1)(2)]	Manitoba[(1)(3)]	Palm Springs			
Spectrum	90 MHz (2.6 GHz)	Various locations (including Winnipeg and Brandon): 90 MHz (2.6 GHz) In Winnipeg: 24 MHz (2.5 GHZ) In Brandon: 14 MHz (2.5 GHz)	Among two leases: 84 MHz (2.5 GHz) and 24 MHz (2.6 GHz)	56 MHz (3.5 GHz)	50 MHz (2.5 GHz)	20 MHz (2.5 GHz)[(4)] 20 MHz (2.6 GHz)[(4)]
Transferability	Yes[(5)]	Yes[(5)]	Yes[(6)]	Yes[(8)]	Yes[(9)]	Yes[(10)]
Mobility	Yes[(1)(2)]	Yes[(1)(3)]	Yes	Yes[(7)]	Yes[(9)]	Yes[(11)]

(1) CWS currently provides wireless digital television distribution services in the provinces of British Columbia and Manitoba using spectrum assigned to multi-point distribution systems ("**MDS**") in the 2.5/2.6 GHz band. Pursuant to an Industry Canada policy notice, MDS operators who wish to provide mobile services in this band using MDS spectrum are required to return approximately one third of this spectrum to Industry Canada.

(2) CWS has applied to Industry Canada for spectrum licenses that would allow it to provide mobile WiMAX-enabled services in several primary and secondary markets in British Columbia, including Vancouver, Victoria, Chilliwack, Abbotsford, Kelowna, Penticton, Squamish/Whistler and Vernon. Industry Canada has not finalized the criteria that it will apply to the licensing of mobile spectrum operators in the 2.5/2.6 GHz band. As such, CWS may not receive licenses in all of the regions of British Columbia where it has applied to provide mobile WiMAX-enabled services.

(3) CWS intends to file an application with Industry Canada for spectrum licenses that would allow it to provide mobile WiMAX-enabled services in the province of Manitoba if Industry Canada approves CWS' application for mobile spectrum licenses in British Columbia.

(4) The spectrum management rights in New Zealand commence on January 1, 2009.

(5) CWS may transfer its existing MDS businesses in Manitoba and British Columbia to third parties with the prior approval of the Canadian Radio-television and Telecommunications Commission ("**CRTC**"). If CWS obtains mobile spectrum licenses from Industry Canada, it anticipates that these licenses will be transferable, but Industry Canada has not finalized the terms and conditions of mobile spectrum licenses in the 2.5/2.6 GHz band, including the terms and conditions relating to transferability of these licenses.

(6) The lease agreements under which CWS leases its right to use spectrum in the Coachella Valley provide that the lease can be transferred or assigned, subject to the written consent of the lessor. The spectrum license itself (which is not held by CWS) can be transferred, subject to the consent of the FCC (as hereinafter defined).

(7) In May 2008, the European Commission announced that it had adopted a decision aimed at harmonizing the use of 3.4 to 3.8 GHz frequencies in Europe. The decision provides that European member states shall allow the use of the 3.4 to 3.8 GHz band for fixed, nomadic and mobile electronic communications networks. This decision represents a positive development for the future of WiMAX-enabled build-outs because currently many countries, including Greece, restrict usage of spectrum to fixed services rather than mobile services. The decision further states that no later than six months after entry into force of the decision, member states shall designate and make available, on a non-exclusive basis, the 3400-3600 MHz band for terrestrial electronic communications networks, in compliance with the parameters set out in an annex to the decision. The Company currently intends to proceed with notice to the Greek

regulatory authority of its intention to offer mobile services under its Greek license. Given the decision of the EU, the Company believes that it can offer mobile services following November 21, 2008 without any significant regulatory obstacles.

(8) Subject to receiving the consent of the EETT.

(9) CWS may transfer its rights under the spectrum license to third parties with the prior approval of the Norwegian Post and Telecommunications Authority ("**NPT**"). The spectrum license is a right to use frequencies in the 2570-2620 MHz band within the territory of Norway, which leaves it to CWS to decide how the license should be utilized within the boundaries of the license ("management rights"). The spectrum license is technology and service neutral. The frequencies can typically be used for fixed, nomadic and mobile wireless broadband services.

(10) CWS may transfer its management rights deeds with the prior written consent of the chief executive of the Ministry of Economic Development in New Zealand.

(11) Management Rights Deeds which record CWS' rights in respect of the New Zealand spectrum specifically contemplate that the spectrum will be used for a telecommunications service, being either: (i) broadband wireless service (fixed wireless access or a WiMAX service); or (ii) a cellular service.

Canada

In Manitoba, CWS, through its indirect subsidiary, Craig Wireless Manitoba Inc. received a license from the CRTC in 1995 to operate as a broadcasting distribution undertaking ("**BDU**") using 90 GHz of MDS spectrum in various communities in Manitoba, including Winnipeg and Brandon. In addition, CWS holds a license to use 24 GHz in the MCS 2.5 GHz band in Winnipeg and 14 GHz in the MCS 2.5 GHz band in Brandon.

In British Columbia, CWS, through its indirect subsidiary, Craig Wireless British Columbia Inc. received a license from the CRTC in 2000 to operate as a multipoint distribution system BDU using MDS spectrum in various communities in British Columbia. CWS BC holds an authorization to use 90 MHz of spectrum in the MDS 2.5/2.6 GHz band from Industry Canada.

In February 2008, CWS filed an application with Industry Canada seeking spectrum licenses that would allow it to provide mobile WiMAX-enabled services in several primary and secondary markets in British Columbia, including Vancouver, Victoria, Chilliwack, Abbotsford, Kelowna, Penticton, Squamish/Whistler and Vernon. Industry Canada has not finalized the criteria that it will apply to the licensing of mobile spectrum operators in the 2.5/2.6 GHz band. As such, CWS may not receive licenses in all of the regions of British Columbia where it has applied to provide mobile WiMAX-enabled services. It is anticipated that Industry Canada will render a determination on CWS' license application by the end of the third quarter of 2008. In the event that Industry Canada grants CWS' license application, CWS intends to deploy a mobile WiMAX-enabled network covering the lower mainland of British Columbia (including the Vancouver, Chilliwack and Abbotsford regions) as well as the Squamish/Whistler region within 12-15 months of approval of its application. It is also CWS' intention to provide mobile WiMAX-enabled services to the communities of Victoria, Penticton, Kelowna and Vernon within 18 months of approval of its application.

CWS intends to file a similar application with Industry Canada seeking spectrum licenses to provide mobile WiMAX-enabled services in the province of Manitoba once Industry Canada has approved CWS' application for licenses to provide mobile WiMAX-enabled services in British Columbia.

Greece

Pursuant to a license acquisition agreement dated August 9, 2005, Craig Wireless Systems (Cyprus) Limited, a subsidiary of the Company, purchased a spectrum license from Europrom Telecommunications S.A./Penegrine Trading Ltd. for 56 MHz of licensed spectrum in the 3.5 GHz band. The transaction was approved by Greece's telecom regulator, the EETT. As indicated in the chart above, pursuant to a decision of the EU in May, 2008, which resulted in a harmonization of the use of 3.4 to 3.8 GHz frequencies in Europe, the Company intends to proceed with notice to the Greek regulatory authority of its intention to offer mobile services under its Greek license. Given the decision of the EU, the Company believes that it can offer mobile services following November 21, 2008 without significant regulatory obstacles.

The Coachella Valley

In the Coachella Valley, California, CWS, through its indirect subsidiary, Craig Wireless Palm Springs Inc., has entered into leases with California State University — San Bernardino and Caritas Telecommunications for a total of 84 MHz of licensed spectrum in the 2.5 GHz band and 24 MHz of spectrum in the 2.5/2.6 GHz spectrum range. This area represents a population of approximately 410,000 residents. The leases of licenses held by Craig Wireless Palm Springs Inc. provide for an initial term of 15 years, expiring in February of 2019 and April 2016 respectively. Both leases include the right of Craig Wireless Palm Springs Inc. to renegotiate for an additional term.

Norway

In November 2007, the Company acquired (on auction) a license of spectrum rights to use 50 MHz of 2500-2690 MHz spectrum in Norway at a cost of 72,391,000 Norwegian Kroners, which was the equivalent of approximately CDN $12.8 million, and incurred approximately $500,000 in expenses relating to the auction. There are no requirements for build-out or coverage attached to the spectrum license, which is tradeable and valid until 2022.

New Zealand

In December 2007, the Company acquired (on auction) a license for spectrum management rights in New Zealand relating to the use of 40 MHz of spectrum, in two separate lots, in the 2500-2520 and 2620-2640 MHz (2.5 GHz and 2.6 GHz) bands for a cost of approximately CDN $900,000, and incurred approximately $43,000 in expenses related to the auction. The rights under the New Zealand spectrum management rights will commence in 2009. The management rights deeds expire if the Company is not using the spectrum for telecommunications services by December 31, 2014, or December 31, 2016 if the Company exercises its right to extend the expiry period. Otherwise, the management rights finally expire on December 31, 2028. New Zealand's Radiocommunications Act 1989 is silent regarding reallocation of management rights on expiry. However, under current New Zealand policy, in 2023 the Crown will offer to reallocate the management rights to CWS for a further term of 20 years at the estimated market value for those rights, provided that such reallocation is consistent with New Zealand's international radio obligations and the general objective of maximising the value of the spectrum to New Zealand society as a whole. There is a risk that this policy may change.

Description of CWS' Markets — History, Current and Planned Business

The following is a summary of the Company's historical, current and planned business developments, separated into the various operating segments. While similar in nature, the business conducted by CWS can be broken down into five separate and distinct regions: (i) Canada; (ii) Greece; (iii) the Coachella Valley, United States; (iv) Norway; and (v) New Zealand. The following is a summary of the business conducted in each region:

Canada

The deployment of a WiMAX-enabled network in Manitoba and British Columbia is currently being explored, but is dependent on a number of factors, including, regulatory developments (see "CWS Spectrum Assets — Canada") and the pace of technology adoption. Among the business models under consideration for Manitoba is the possible deployment of network technology in the medium term that could then be used to launch a consumer platform or form the basis of a wholesale arrangement with a service provider (see "Strategy"). The current plans for deployment are more developed in British Columbia; we anticipate that we will commence deployment of WiMAX in downtown Vancouver with approximately 15 cell sites in 2008, dependent upon, and subject to, the timing and receipt of the regulatory approvals referred to herein.

In preparation for this intended deployment, investigations are underway to establish appropriate cellular locations, which will then be followed by a detailed radio frequency study. If CWS deploys mobile WiMAX services in British Columbia and Manitoba, certain Industry Canada policies state that it must return approximately one-third of the 2.5/2.6 GHz spectrum that it currently uses to provide its legacy digital television distribution service and fixed wireless Internet services to the Department. Because CWS intends to convert its legacy digital television distribution service to a mobile WiMAX-enabled network platform which will require less bandwidth than its legacy service offerings, this reduction in bandwidth is not anticipated to have any adverse impacts on CWS' planned service offerings.

In Manitoba and British Columbia, CWS currently offers legacy (existing) wireless Internet services and digital television distribution services. The CWS brands for the Manitoba market include digital wireless television known as SkyWeb®, a broadband access service. In the province of British Columbia, CWS services include Stream 1®, a digital television distribution service and SkyWeb®, a broadband data service. The Company currently intends to transition its current legacy service offerings to a WiMAX-enabled service.

Greece

The deployment of mobile/portable wireless Internet is the primary focus of CWS in Greece. CWS intends to augment these Internet services with premium services, such as fixed and mobile telephony and streaming video, through a WiMAX-enabled network.

In April, 2007, Craig Wireless Hellas S.A., commenced deployment of a WiMAX-based network in Greece. This initial deployment consisted of the installation of 802.16d WiMAX cellular sites in Athens and 3 additional regions in Greece. The Company has since established a network operations centre in Greece for the deployment of a 802.16e WiMAX-enabled network and by the end of January, 2008 ten cell sites were established. The Company expects to have 60 active cell sites by the end of 2008.

Craig Wireless Hellas S.A. entered into a wholesale agreement with a local telephone operator, Lannet Communications, dated October 20, 2006, for the marketing of WiMAX services to consumers (the "**Lannet Agreement**"), as amended. The Lannet Agreement provides that Lannet Communications will be permitted to use up to 75% of the available capacity per cell site, and that Lannet Communications will have a right of first refusal with respect to added capacity. Lannet Communications has agreed to pay Craig Wireless Hellas S.A. a fixed fee, with an agreed upon price adjustment clause, for additional cell sites. Pursuant to and in accordance with the Lannet Agreement, Craig Wireless Hellas S.A. is entitled to receive revenues starting at Euro €12,000 per month per cell site, escalating, after January 1, 2009, to Euro €18,000 per cell site per month for cell sites that are IEEE 802.16e compliant, expected to commence in the first quarter of Fiscal 2009, as may be adjusted in accordance with the Lannet Agreement. Due to certain problems with the Company's previous suppliers and integration developments, the Company and Lannet Communications are experiencing delays in the deployment of sites. The Company and Lannet Communications are currently in the process of confirming acceptance by Lannet Communications of cell sites in accordance with the Lannet Agreement. The Company anticipates receiving such acceptance in the near term.

The primary equipment supplier for deployment in Greece is Motorola, Inc. ("**Motorola**").

The spectrum license held by the Company in Greece has 7.5 years remaining on the first term which expires January 22, 2016. However, under Greek law, the holder of a license for spectrum has an automatic right of renewal at their discretion at the end of the term.

The Coachella Valley

The deployment of mobile/portable wireless Internet over a WiMAX-enabled network is the primary focus of CWS in Palm Springs. CWS has entered into an agreement with Alcatel-Lucent Canada Inc. ("**Alcatel**") for the supply of equipment to be used in the deployment of cellular sites in the Coachella Valley, which equipment was received by CWS in the middle of May 2008. The Company expects that operations will realize revenue commencing in the first quarter of Fiscal 2009. The Company has engaged a Director of Business Development and a General Sales Manager to oversee the deployment and commencement of operations in the region. CWS intends to augment its Internet service offerings with premium services, such as fixed and mobile telephony and streaming video, through a WiMAX-enabled network.

Norway and New Zealand

Plans for build-out in Norway and New Zealand are being considered, however no immediate operational activity is expected in the near term.

New Markets

The Company is continually identifying and considering the viability of the acquisition of spectrum in new markets. Each new opportunity identified is considered on a case-by-case basis to determine how such opportunity would fit into the plans of the Company and the current operations of CWS. To date, we have pursued a strategy of sourcing potential global spectrum license opportunities through industry contacts, agents and employees of the Company, which has enabled us to capitalize on strategic spectrum purchases. Spectrum purchase targets are assessed with respect to their attributes including tradeability, build-out requirements, market population density, competitive forces and global positioning. This allows the Company the opportunity to hold the spectrum and consider whether to build-out networks or sell the spectrum at a future date. To date, strategic spectrum assets have not only retained value but have risen in value as measured by values attained in subsequent spectrum auctions for similar frequencies. The Company has consistently and will continue to pursue WiMAX compatible spectrum assets that will allow it to build WiMAX-enabled network infrastructures.

Build-Out Milestones

In each location where CWS is deploying or intending to deploy a WiMAX-enabled network, there are similar significant events which must occur and continue to evolve with the growth of the network in any given area. The following is a brief summary of such significant events and, where applicable, a summary of the status of the Company's progress related thereto:

Selection of an equipment supplier

CWS has committed to equipment suppliers in two of its current locations (Coachella Valley and Greece) where agreements have been entered into with Motorola and Alcatel. Although CWS may use these suppliers in its other operations, CWS has also entered into discussions with other equipment suppliers. It is critical to the deployment that the equipment supplier be reputable and provide quality equipment on a timely basis. See "Risk Factors — Commitment to New Technology, Availability and Development of WiMAX Equipment and Performance of Equipment".

Completion of an RF (radio frequency) study to ascertain cell locations

The location and subsequent numbers of cell sites required must be determined for each market by comprehensive radio frequency studies. Essentially, this means that the "traffic" patterns and volume have to be coordinated with demographics, topography and building density/height to provide detail in the form of longitude and latitude. Each coordinate must be evaluated for cell construction on either an available roof-top or by construction of a microwave tower. Adjustments can be made to the plan should there be an adequate site nearby. Once a site has been identified, it must be assessed for its individual requirements to construct a cell. In each of the markets that the Company is currently building-out its WiMAX-based network, it has completed a detailed radio frequency study.

Obtain roof-top rights or other agreements and satisfy regulatory requirements to deploy each cell site

When a suitable cell construction site on a building is determined, CWS must arrange a roof-top rights agreement with the owner of the building. Although all the equipment is generally on the roof, from time to time there may be a requirement to rent a small space in the building with close proximity to the roof. The process of obtaining an agreement can be time consuming. There may also be regulatory and civic licenses that have to be obtained. In Winnipeg, CWS has identified 80% of its intended locations and has landlord commitments to engage in arrangements to lease roof-tops for cells. CWS is currently surveying downtown Vancouver for suitable buildings and is contacting building owners to determine their interest in providing CWS with roof-top rights and leases. In the Coachella Valley, California, CWS has identified approximately 60% of the intended locations required to support its initial deployment.

Construction of infrastructure to provide for the backhaul to the data centre

Each cell site must be connected back to the network operations centre through a backhaul infrastructure. This infrastructure may consist of a fibre-optic wire connection to the site or from time to time, require a microwave link.

Upgrade the main data (network operations) centres to handle the increased business volume

As the number of cell sites, subscribers and volume of traffic increases, upgrades will have to be made to the network operations centres that service various cell sites. This will require the addition of various pieces of network equipment and other peripheral equipment.

Hire and train appropriate sales, technical and customer service staff to maintain the network, grow the subscriber base and meet customer service needs.

CWS' technology and subscriber base must be strongly supported by CWS having a stable and knowledgeable sales, customer service and systems technology staff. CWS' goal is to develop the infrastructure to maintain premium quality service to the subscriber on a 24 hour-a-day basis.

Mobility

Full mobility to the subscriber is CWS' ultimate goal. Certain equipment suppliers are working to provide chips for computers that are factory installed to allow wireless connection to 2.5/2.6 GHz and 3.5 GHz networks. In that regard, on May 27, 2008, Intel announced that it intends to launch the next generation Centrino 2 mobile platform on July, 14, 2008. The Centrino 2 platform will be first platform to offer an integrated WiFi and WiMAX wireless access option, and is expected to ship with a complete line of chipsets and wireless chips in high volume by August, 2008.

In addition, suppliers such as Motorola and Nokia Corporation are developing CPE that can be purchased at a retail level by subscribers.

Sales and Marketing

In connection with the deployment of wireless technology, CWS' current and anticipated promotion efforts in certain markets include a variety of integrated marketing campaigns and sales activities, including advertising, direct marketing, third party marketing, public relations, retail partnerships, mall and mobile kiosks, and events to support its direct sales teams, authorized representatives and resellers. For example, in Vancouver, British Columbia, CWS has entered into an agreement with London Drugs Limited for the promotion and sale of its legacy (existing) wireless Internet services in that province. The extent of CWS' marketing campaigns in its respective operating jurisdictions depends on the respective deployment levels, service offerings, and target markets.

In the future, CWS plans to use multiple distribution channels to reach potential subscribers of its WiMAX service offerings, including:

Direct

CWS' direct sales teams are expected to focus on acquiring small and medium sized business accounts as subscribers. Sales personnel are expected to generally be compensated on a salary plus commission basis. CWS' direct marketing efforts to individual users will include direct mailings and other means of direct contact with potential subscribers in its network coverage area. CWS intends to advertise across a broad range of media, including print, billboards, online, and radio broadcast media.

Indirect

CWS' indirect sales channels are expected to include authorized representatives, such as traditional cellular retailers, satellite television dealers and computer sales and repair stores. Authorized representatives are intended to assist in developing awareness of and demand for CWS' services by promoting such services and the CWS brand as part of their own advertising and direct marketing campaigns. CWS also plans to offer its services through retail chains, and to continue to explore strategic partnerships and arrangements for retail sales.

Internet and Telephone

In Canada, CWS intends to implement various marketing programs, complemented by its established call centre, including direct mailings. Telephone and Internet sales initiatives are intended to strengthen the CWS brand and increase the percentage of sales sourced from these sales channels. In Canada, the Company currently offers products, services, and customer service through its e-business website www.craigwireless.com. The website serves as a marketing and sales distribution channel that provides product information to potential and existing subscribers about the fixed and mobile/portable wireless Internet services offered by the Company. To accommodate its future development, the Company's website is intended to be a fundamental marketing tool, to which prospective subscribers will be directed in all telephone and Internet based advertising campaigns. This website is intended to be a functional sales channel where current and potential subscribers are able check pricing and service availability, and research service plans.

Wholesale and Co-branded Distribution Arrangements

CWS is exploring marketing efforts in its operating jurisdictions through which it would sell its wireless broadband Internet services at wholesale rates to distribution partners who would re-market the services offered by CWS under their own brand name, under CWS' brand name, or on a co-branded basis. Using a co-branded strategy CWS intends to pursue these arrangements in selected markets with television providers, such as satellite providers, to sell wireless broadband services as part of a bundle with CWS services. CWS is hopeful that its indirect sales channel will grow significantly as a result of these arrangements. CWS also intends to expand upon wholesale agreements such as it currently has in Greece whereby CWS builds and maintains the network and a third party markets products to consumers.

Government Regulation

Canada

Overview

The provision of broadcasting and telecommunications services by the Company in Canada is subject to the rules and regulations of Industry Canada and the CRTC. Industry Canada acts pursuant to the *Radiocommunication Act* (Canada) and the CRTC acts pursuant to the *Broadcasting Act* (Canada) and the *Telecommunications Act* (Canada). Industry Canada manages the use and allocation of radio spectrum in Canada through the issuance of radio and spectrum licenses while the CRTC regulates the provision of broadcasting and telecommunications services by licensed broadcasting undertakings and telecommunications common carriers.

Spectrum Regulation in Canada

The use of radio spectrum to provide wireless telecommunications services is subject to licensing by Industry Canada under the *Radiocommunication Act* (Canada). Under this legislation, Industry Canada is authorized to issue radio licenses, to plan the allocation and use of the radio spectrum and to perform other duties to ensure the orderly development and efficient operation of radiocommunication in Canada.

With respect to spectrum licensing, Industry Canada has the authority to revoke a license for non-compliance with the terms and conditions thereof or failure to pay associated spectrum license fees. However, revocation is rare and licenses are usually renewed term to term upon payment of the applicable fee.

The Company currently uses spectrum in the 2.5/2.6 GHz band to provide both MDS and MCS services in Canada. Traditionally, the lower portion of the 2.5/2.6 GHz band (2500-2596 MHz) has been used for the provision of MCS services while the upper portion of the band (2596-2686 MHz) has been used for the provision of broadcasting MDS services such as those provided by the Company in Manitoba and British Columbia. MCS systems are issued radio licenses by Industry Canada whereas MDS systems are issued BDU licenses by the CRTC as well as broadcasting certificates by Industry Canada.

On November 16, 2001, Industry Canada announced that it intended to change the spectrum allocations that were currently assigned to the 2.5/2.6 GHz band. In particular, the Department proposed to change Canada's Table of Frequency Allocations to indicate that the entire band would be allocated to mobile services in addition to the existing allocations in the band for fixed and broadcasting services. Shortly before this announcement was made, the Federal Communications Commission in the United States announced that it intended to revise its own Table of Frequency Allocations for the 2.5/2.6 GHz band in order to include an allocation for mobile services. In November 2004, Industry Canada published a consultation document inviting interested parties to comment on its proposed amendments to the Canadian Table of Frequency Allocations as well as other issues relating to the use of spectrum in the 2.5/2.6 GHz band. The Company responded to the Industry Canada consultation document and recommended that Industry Canada adopt a spectrum allocation approach for the 2.5/2.6 GHz band which is harmonized with the approach announced by the Federal Communications Commission in the United States, including the ability to use the band for mobile purposes.

On March 30, 2006, Industry Canada published Gazette Notice DGTP-002-06, entitled "Policy Provisions for the Band 2500-2690 MHz to Facilitate Future Mobile Services" (referred to as the "**Policy Notice**"). In the Policy Notice, Industry Canada stated that it intended to harmonize the 2.5/2.6 GHz band with the band plan adopted in the United States for the 2.5/2.6 GHz frequency range (which includes an allocation for mobile services) and that it would carry out another round of consultations to clarify band plan implementation and timing matters. Until this consultation process has been completed, the Policy Notice allows the Company to continue operating as an MDS BDU in its licensed serving areas until August 2011. In addition, if at any time the Company wishes to do so, it may apply to Industry Canada to use part or all of its 2596-2686 MHz spectrum for fixed wireless Internet services, while still providing MDS BDU services as well. If the Company wishes to apply to Industry Canada for permission to use the band for two way mobile broadband services, the Policy Notice permits it to do so, but it also states that in such circumstances the Company will be required to return approximately one-third of its spectrum in each of the areas where it is authorized to provide MDS and broadband Internet services. Industry Canada's Policy Notice also states that the Department intends to use a spectrum auction as a means of licensing this returned spectrum and that it will initiate a public consultation as soon as possible to establish the policy framework for licensing spectrum in the band.

Subsequent to the release of its Policy Notice, Industry Canada advised the CRTC on September 27, 2006 that it will not consider renewing any broadcasting certificates for any MDS licenses beyond 2011 until a further round of consultations clarifies the timing for the implementation of mobile service and a new band plan in the 2.5/2.6 GHz band. This letter along with Industry Canada's Policy Notice confirms the Company's current status as a provider of MDS BDU services while at the same time allowing the Company to develop and pursue its plans for the roll-out of WiMAX capabilities in its Canadian networks.

In February 2008, CWS filed an application with Industry Canada, in accordance with the terms of the Policy Notice, seeking spectrum licenses that would allow it to provide mobile WiMAX-enabled services in several primary and secondary markets in British Columbia, including Vancouver, Victoria, Chilliwack, Abbotsford, Kelowna, Penticton, Squamish/Whistler and Vernon. Industry Canada has not finalized the criteria that it will apply to the licensing of mobile spectrum operators in the 2.5/2.6 GHz band. As such, CWS may not receive licenses in all of the regions of British Columbia where it has applied to provide mobile WiMAX-enabled services. It is anticipated that Industry Canada will render a determination on CWS' license application by the end of the third quarter of 2008. In the event that Industry Canada grants CWS' license application, CWS intends to deploy a mobile WiMAX-enabled network covering the lower mainland of British Columbia (including the Vancouver, Chilliwack and Abbotsford regions) as well as the Squamish/Whistler region within 12-15 months of approval of its application. It is also CWS' intention to provide mobile WiMAX-enabled services to the communities of Victoria, Penticton, Kelowna and Vernon within 18 months of approval of its application.

CWS intends to file a similar application with Industry Canada seeking spectrum licenses to provide mobile WiMAX-enabled services in the province of Manitoba once Industry Canada has granted approval to CWS' application to provide mobile WiMAX-enabled services in British Columbia.

Broadcasting Regulation in Canada

Canadian broadcasting undertakings, including the Company, are regulated by the CRTC pursuant to, and in accordance with, the provisions of the *Broadcasting Act* (Canada) and the regulations promulgated thereunder, including the BDU Regulations. Under this legislation, the CRTC regulates all broadcasters in Canada, including over-the-air radio and television broadcasters, MDS operators such as the Company, cable television operators, satellite television operators and Canadian pay and specialty television programming channels. In 2004, the Company's license for Manitoba was renewed and extended for another seven years to 2011. The service coverage areas under the Company's CRTC license for Manitoba include Winnipeg, Brandon, Foxwarren, McCreary, Dauphin, Elie, Interlake (Fraserwood), Lac du Bonnet, Falcon Lake, Chatfield, Newdale, Melita and Selkirk. The Company was authorized by the CRTC in 2000 to provide MDS BDU services in the following areas of British Columbia: Vancouver, Victoria, Abbotsford, Chilliwack, Penticton, Kelowna, and Vernon. The Company's license for British Columbia has been renewed on an annual basis with the current license term expiring in August 2008. Although the rates that are charged by the Company for its MDS BDU services are not regulated by the CRTC, the Company is required by condition of license to comply with a number of requirements, including the following: it must offer certain Canadian programming services to its MDS BDU customers; it must contribute 5% of MDS BDU revenues to the funding of Canadian programming initiatives; it must comply with the restrictions on Non-Canadian ownership set out in the Direction to the CRTC; and it must devote at least 50% of its allotted MDS frequencies to the distribution of programming services.

The CRTC has determined that companies that distribute broadcasting services to mobile devices, such as PDAs and cellular telephones, should be exempted from the requirement to hold a broadcasting license if the service is delivered and accessed over the Internet or if the service is transmitted over a separate stream to each end-user. In this latter instance, the service provider must comply with other requirements, including the requirement to comply with the Direction to the CRTC and the requirement to obtain prior consent of a broadcaster for the retransmission of its signal. These determinations by the CRTC will provide the Company with the option to offer a wide variety of video and audio content to its mobile subscribers on a license exempt basis.

The CRTC has recently launched a consultation on broadcasting in the new media environment (Broadcasting Public Notice CRTC 2008-44: *Call for comments on the scope of a future proceeding on Canadian broadcasting in new media*, 15 May 2008) (the "**New Media Consultation**"). As part of this consultation, the CRTC will review its existing orders exempting certain new media broadcasting undertakings from regulation. As a result of the New Media Consultation, the CRTC may revise these exemption orders and/or propose measures that would support the continued achievement of the objectives under the *Broadcasting Act*, in particular the creation and presentation of Canadian programming and access by Canadians to broadcasting in new media.

Telecommunications Regulation in Canada

Companies that own or operate transmission facilities in Canada that are used to provide telecommunications services to the public for compensation are classified as "telecommunications common carriers" under the *Telecommunications Act* (Canada) and are subject to the regulatory authority of the CRTC. The CRTC has the discretionary power to forbear from exercising certain of its regulatory powers over Canadian carriers where it finds that a telecommunications service or class of services is, or will be, subject to competition sufficient to protect the interests of users. Some Canadian carriers, such as the incumbent local telephone companies, are classified by the CRTC as "dominant" in the provision of certain services because of their market power and control over the supply of certain services. Carriers classified as "non-dominant" by the CRTC are subject to less regulation than dominant carriers and include companies that provide Internet access services, mobile wireless services and facilities-based long distance services. The Company is classified as a non-dominant carrier because it does not exercise market power in any of the telecommunications service markets in which it provides services, including the markets for Internet and other broadband access services.

Foreign Ownership Restrictions and Transfers of Control

The Company is required to comply with certain restrictions on Non-Canadian ownership that are set out in the Direction to the CRTC, the *Telecommunications Act* (Canada) and the *Radiocommunication Regulations* (Canada). These restrictions require, among other things, that:

- the chief executive officer(s) of CWS Manitoba and CWS BC must be Canadian;
- at least 80% of the voting equity and the votes of CWS Manitoba and CWS BC must be held by Canadians;
- at least 80% of the board of directors of CWS Manitoba and CWS BC must be Canadians;
- at least 66⅔% of the voting equity and the votes of any parent corporation of CWS Manitoba and CWS BC must be held by Canadians; and
- CWS Manitoba and CWS BC must not be otherwise controlled in fact by Non-Canadians.

As at the date hereof, CWS Manitoba and CWS BC are owned and controlled by Canadians within the meaning of the Direction to the CRTC, the *Telecommunications Act* (Canada) and the *Radiocommunication Regulations* (Canada). Neither CWS Manitoba nor CWS BC may transfer their CRTC or Industry Canada authorizations without the prior approval of the CRTC and Industry Canada, respectively. In addition, the prior approval of the CRTC is required for any changes in the ownership of CWS Manitoba and CWS BC which meet certain voting equity thresholds set out in the BDU Regulations.

Greece

The spectrum licenses held in Greece, through CWS' indirect subsidiary, Craig Wireless Hellas S.A. were purchased in December 2005 from Europrom. The spectrum license had initially been awarded to Europrom in January 2001 for a term of 15 years. Under Greek law the holder of a spectrum license has an automatic right of renewal at the expiry of each term. There are up to eight regulatory agencies involved in approving the construction of a cell site in Greece, each of which can impose significant regulatory conditions. They are:

(i) Greek Atomic Energy Commission;

(ii) Greek Civil Aviation Authority;

(iii) General Secretariat for Environmental Affairs — Regional Committee;

(iv) EETT (National Telecommunications Committee);

(v) City Planning Authority;

(vi) Archaeological Authority (Classical, Byzantine, Contemporary as and where applicable);

(vii) Forestry authority (for rural installations only); and

(viii) In cases of proximity to military installations — permission by Armed Forces authorities.

The holder of a license in Greece is, however, subject to one law, being law No. 3431 — Law Relating to Electronic Communications, published in the Greek Gazette on the 3rd of February, 2006. This particular statute has consolidated all of the provisions relating to the regulation of electronic communications into one statute. Any entity providing any type of electronic communication service must obtain a general license issued pursuant to this one statute and there is no longer a need for multiple licenses, as is the case in other jurisdictions.

The Coachella Valley

CWS is currently in the build-out phase that is yet to be completed in the Coachella Valley. However, once that build-out is complete and service on the Educational Broadband Service ("**EBS**") channels commences, CWS will be subject to a multitude of regulations from United States agencies including the Federal Communications Commission ("**FCC**"), the Federal Aviation Administration ("**FAA**") and the Internal Revenue Service ("**IRS**"). The regulatory environment in the United States relating to our business and operations is evolving. A number of legislative and regulatory proposals under consideration by federal, state and local governmental entities may lead to the repeal, modification or introduction of laws or regulations that could affect our business. Significant areas of existing and potential regulation for our business include broadband Internet access, telecommunications, VoIP spectrum regulation and Internet taxation.

Telecommunications Regulation

The FCC has classified Internet access services generally as interstate "information services" rather than as "telecommunications services" regulated under Title II of the Communications Act of 1934. Accordingly, many regulations that apply to telephone companies and other common carriers currently do not apply to our wireless broadband Internet access service. For example, we are not currently required to contribute a percentage of gross revenues from our Internet access services to universal service funds, or USF, used to support local telephone service and advanced telecommunications services for schools, libraries and rural health care facilities.

The FCC is conducting a comprehensive proceeding to address all types of IP-enabled services, including interconnected VoIP service, and to consider what regulations, if any, should be applied to such services, as use of broadband services becomes more widespread. Regulatory policies applicable to broadband Internet access, VoIP and other IP-services are continuing to develop, and it is possible that our broadband Internet access and VoIP services could be subject to additional regulations in the future. The extent of the regulations that will ultimately be applicable to these services and the impact of such regulations on the ability of providers to compete are currently unknown.

Spectrum Regulation

The FCC routinely reviews its spectrum policies and may change its position on spectrum allocations from time to time. On July 29, 2004, the FCC issued rules revising the band plan for BRS and EBS and establishing more flexible technical and service rules to facilitate wireless broadband operations in the 2495 to 2690 MHz band. The FCC adopted new rules that (i) expand the permitted uses of EBS and BRS spectrum so as to facilitate the provision of high-speed data and voice services accessible to mobile and fixed users on channels that previously were used primarily for one-way video delivery to fixed locations; and (ii) change some of the frequencies on which BRS and EBS operations are authorized to enable more efficient operations. These new rules streamlined licensing and regulatory burdens associated with the prior service rules and created a "PCS-like" framework for geographic licensing and interference protection. Under the new rules, existing holders of EBS licenses and leases generally have exclusive rights over use of their assigned frequencies to provide commercial wireless broadband services to residences, businesses, educational and governmental entities within their geographic markets. These rules also require EBS lessors, including us, to bear their pro rata share of the expenses of transitioning EBS licensees to the new band plan. Additionally, the Commission expanded the scope of its spectrum leasing rules and policies to allow BRS and EBS licensees to enter into flexible, long-term spectrum leases.

The FCC also clarified the procedure by which EBS licensees must demonstrate substantial service, and required them to demonstrate substantial service by May 1, 2011. Substantial service showings demonstrate to the FCC that a licensee is not warehousing spectrum, but rather is using the spectrum to provide actual service to subscribers. If an EBS licensee fails to demonstrate substantial service by May 1, 2011, its license may be canceled and made available for re-licensing.

Finally, the FCC reaffirmed the application of its spectrum leasing rules and policies to EBS, and ruled that new EBS spectrum leases may provide for a maximum term (including initial and renewal terms) of 30 years.

The FCC further required that new EBS spectrum leases with terms of 15 years or longer must allow the EBS licensee to review its educational use requirements every five years, beginning at the fifteenth year of the lease.

We believe that the FCC's BRS/EBS rules will enable us to pursue our long-term business strategy, although it is possible that these rules may be interpreted in a manner materially and adversely to our business. In addition, these rules may be amended in a manner that materially and adversely affects our business.

In June, 2006, the FAA, proposed regulations governing potential interference to navigable airspace from certain FCC-licensed radio transmitting devices, including 2.5 GHz transmitters. These regulations would require FAA notice and approval for new or modified transmitting facilities. If adopted, these regulations could substantially increase the administrative burden and costs involved in deploying our service.

Norway and New Zealand

CWS does not currently have active operations in Norway, nor New Zealand. If, as and when it initiates operations it will be subject to applicable regulation in respect of such operations. *See "Risk Factors — Foreign Activities".*

Competitive Conditions

In the jurisdictions in which it offers or intends to offer broadband Internet services to customers, the Company competes with any and all operators that offer a broadband connection to the Internet. In addition, in pursuit of its strategy to acquire additional spectrum licenses or rights to spectrum around the world, the Company faces competition from others desiring to acquire the same or similar rights.

The following is a summary of the Company's competitive environment in each of its existing markets:

Canada

Based on market share, the primary competitors of CWS in Canada are Shaw Communications Inc., MTS Allstream Inc., the Inukushuk joint venture (between Rogers Communications Inc. and Bell Canada) and TELUS Corporation. CWS' competitors are currently offering "triple-play" service packages, which include voice, data and video services. They also offer value added services including e-mail service, website hosting services and private network services. These service offerings are targeted to residential and commercial customers in the small, medium and large business sectors. Each of these competitive products are differentiated by throughput speed, number and size of email storage boxes, website storage space, traffic allowances and support services provided.

Currently, market demands dictate that providers offer more services, increased speeds and storage allowances, increased reliability and more technically demanding support service, all without significant increases in pricing. Providers are turning to other means to generate additional revenue such as traffic surcharges and additional premium service levels. There is also significantly heightened demand for portable services including PDAs and voice and video messaging.

The Internet Access and Web-Related Services Industry

CWS believes that the primary competitive factors in the Internet access and Web-related services markets will continue to be the ability to offer a range of broadband access services and maintain a reputation for reliability and service, effective customer support, competitive pricing, easy-to-use software and wide geographic coverage. CWS' Internet business currently competes with the following types of companies: (i) incumbent telephone companies; (ii) incumbent cable television companies; (iii) national ISPs; (iv) regional ISPs, which vary widely in service offerings and pricing; (v) national and regional Web-hosting companies that focus primarily on providing Web-hosting services; and (vi) competitive voice and data carriers.

High-Speed Internet Access

Broadband technologies have become the preferred means of accessing the Internet. Broadband technologies enable consumers to transmit and receive print, video, voice and data in digital form at significantly faster access speeds than dial-up modems. CWS currently offers its customers Internet access via fixed wireless microwave transmission. CWS is competing primarily with telephone companies and cable television companies in this regard. These companies offer services that include Internet access and/or Web-related services such as Web-hosting using broadband technologies in their basic bundle of services, or may offer Internet access or Web-related services for a nominal additional charge. Cable and telephone companies have been successful in promoting cable and telephone lines, respectively, as the means of obtaining high-speed Internet access.

Digital Television Distribution

The market for digital television distribution services is highly competitive. The most significant competitors to CWS are the traditional cable operators in CWS licensed territories, such as Rogers Communications Inc. and Shaw Communications Inc. Cable operators have long benefited from having virtual monopoly positions in their respective licensed areas and, as a result, have been able to service several million subscribers who, until recently, have had no alternative service from which to choose. The cable operators typically provide their service through coaxial analogue cable, a technology generally offering a lesser quality of video and audio and less choice than that provided by a digital system. The cable operators have undertaken a major capital expenditure program to upgrade their networks to digital technology along with fibre-optic upgrades and have introduced digital service offerings, including high-speed Internet access, Video-on-Demand and High Definition Television (HDTV).

On a going forward basis, CWS does not intend to compete in the market for digital television distribution services using its current television offerings. Instead, it expects to deliver streamed television programming over its WiMAX-enabled infrastructure as a future service to consumers.

Greece

Telecommunications competition in Greece is relatively intense particularly from the incumbent operator Organismos Tilepikinonion Ellados A.E. — Helenic Telecommunications Company S.A. ("**OTE**"). Competition for customers by OTE, Lannet Communications and Vodaphone S.A. is driven by "low cost" marketing. Issues which are material among competitors include the condition of wire infrastructure, high latency, multiple subscriptions per subscriber, location specific hot spots for wireless and excessive lag time for service.

The Greek market lags behind other Western European markets in terms of fixed line and Internet penetration. At the end of 2007, the estimated number of fixed lines was 4.7 million. The number of lines has been steadily decreasing since 2001 as more and more people are moving to mobile solutions. This trend is expected to continue with an estimated 16 million mobile subscribers by 2009, an increase of 44% over the last 5 years. Greece is also catching up in the Internet sector, with a significant 300% growth rate in Internet subscribers over the last 5 years. At the end of 2007, the number of Internet subscribers in Greece is estimated to have reached 1.6 million (up from 561,000 in 2003) and the number of users 4.9 million, translating into a penetration rate of 14.4%. This growth trend is expected to continue, with the number of Internet users estimated to reach approximately 9.3 million by 2011. (Source: Hot Telecom)

The Greek fixed line and Internet telecom markets remain dominated by the incumbent operator OTE, as it continued to hold an effective monopoly in these sectors until 2006. OTE retains its strong position in the fixed line market, as effectively the only network access provider in the market. In terms of competitive networks, there is no cable TV infrastructure in Greece, but fixed wireless networks are considered to have strong potential. The EETT held an auction of seven fixed wireless access licenses in two wavebands in December 2000. OTE was automatically allocated one license in each band prior to the auction, and paid a set fee for these licenses. The other licenses were won by five competing operators: Europrom S.A. (two licenses, later sold to CWS), Panafon (now Vodafone), Quest Wireless S.A. (now owned by TIM Hellas), Dimosia Epichirisi Hilektrismou A.E, and Mediterranean Broadband Services (FORTHnet). The auction raised €46 million, and one license remained unallocated.

The Coachella Valley

As CWS is currently establishing operations in the Coachella Valley, the competitive landscape at the time of deployment is relatively unknown. However, it should be noted that there are a number of well established competitors operating in the Internet access and Web-related services industry that would directly compete with CWS in the Coachella Valley.

Norway and New Zealand

As CWS does not currently operate an active business in Norway and New Zealand, the competitive landscape that will exist at the time of deployment is relatively unknown. Norway has a proportionately large population that already has broadband Internet connectivity and incumbent companies already have a dominant market share in their service areas. However, due to Norway's topography and large scale coastal industries (e.g. off-shore oil operations and fisheries), the Company may be able to attract professional subscribers whose need for broadband is not yet satisfied if, as and when the Company decides to initiate operations in Norway.

Proprietary Protection

CWS operates in licensed spectrum and as a result is protected from competitors sharing and interfering with its network. In addition, use of the system by consumers is proprietary and every CPE must be provisioned into the system. CWS has the names "SkyWeb®" and "Stream 1®" registered as trademarks in Canada and currently offers Internet service under such names. In addition, CWS relies on a combination of copyright, trademark and trade secret laws, and contractual restrictions to establish and protect its technology. CWS has adopted a Code of Business Conduct and Ethics requiring employees to protect proprietary and confidential information. Consultants are required to execute confidentiality agreements prior to the commencement of their services.

USE OF PROCEEDS

The estimated net proceeds to the Company from the issue of the Subordinate Voting Units after deducting the Agents' commission and the estimated expenses of the Offering, are up to $ ● , or up to $ ● , if the Over-Allotment Option is exercised.

The Company intends to use 30-40% of the net proceeds from the Offering for general corporate purposes including for expenses relating to the commencement of operations in certain of its markets and for operating expenses. The Company intends to use the balance of the net proceeds of the Offering to pursue growth opportunities, including direct or indirect strategic acquisitions of additional spectrum licenses or rights, and for capital expenditures. While we intend to use the funds available as stated in this Prospectus, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

DIVIDENDS

There are no restrictions in the Articles or elsewhere that prevent the Company from paying dividends. The holders of Multiple Voting Shares, Subordinate Voting Shares and non-voting shares ("**Non-Voting Shares**") are entitled to an equal share in any dividends declared and paid. It is not contemplated that any dividends will be paid on any shares in the immediate or foreseeable future. The Board of Directors of the Company will determine if, and when, dividends will be declared and paid in the future from funds properly allocated to the payment of dividends based on the financial position of the Company at the relevant time.

In each of the three of most recently completed Fiscal years of CWS and Predecessor CWS, a predecessor to the Company, there have been no dividend payments, other than on May 30, 2005, Predecessor CWS declared a dividend of $254,167, payable in property, plant and equipment, to Manalta Investment Company Ltd., its parent.

DESCRIPTION OF THE SECURITIES DISTRIBUTED

Voting Rights

The holders of Subordinate Voting Shares are entitled to receive notice of and to attend (in person or by proxy) and be heard at all meetings of the shareholders of the Company (other than separate meetings at which only holders of a separate class or series of the Company's equity shares are entitled to vote) and to vote at all such meetings, with each holder of Subordinate Voting Shares being entitled to one vote per Subordinate Voting Share held.

Dividends

The holders of Subordinate Voting Shares are entitled to participate equally with the Multiple Voting Shares and the Non-Voting shares as to dividends and the Company shall pay dividends on all such shares, as and when declared by the Board of Directors of the Company out of moneys properly applicable to the payment of dividends, in amounts per share and at the same time on all such shares at the time outstanding as the Board of Directors of the Company may from time to time determine.

Liquidation

In the event of the liquidation, dissolution or winding-up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, all the property and assets of the Company shall be paid and distributed equally, share for share, to the holders of the Subordinate Voting Shares, the Multiple Voting Shares and the Non-Voting Shares, without preference or distinction.

Anti-Dilution

The Subordinate Voting Shares shall not be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the Multiple Voting Shares and the Non-Voting Shares are also subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner.

Conversion Rights

The holders of Subordinate Voting Shares may convert such shares at any time into Non-Voting Shares at the option of the holder prior to any meeting at which Non-Voting Shares will be entitled to vote as a class to the extent that CWS will continue to comply with the limits on ownership by non-Canadians.

If the Board of Directors of the Company determines that the Company is not in compliance with the Non-Canadian Share Constraint (as defined in the Articles), the Company may refuse to accept a subscription for voting shares from any non-Canadian, issue any voting shares to a non-Canadian, register or otherwise recognize the transfer of any voting shares to a non-Canadian, or purchase or otherwise acquire any voting shares except as permitted by the share provisions. In addition, the Company may suspend the voting rights of shareholders in order to comply with the Non-Canadian Share Constraint or, in certain circumstances, sell, or require the holder to sell, repurchase or redeem Subordinate Voting Shares or convert the Subordinate Voting Shares into Non-Voting Shares in order to comply with the Non-Canadian Share Constraint.

The Multiple Voting Shares may be converted at any time into Subordinate Voting Shares at the option of the holder, provided the holder thereof is a Canadian.

The Non-Voting Shares may be converted at the option of the holder into Subordinate Voting Shares (or, if the holder can establish that such Non-Voting Shares were issued to the holder as a result of a conversion of Multiple Voting Shares, into Multiple Voting Shares) upon proof that the holder is Canadian, or if the limits on ownership by non-Canadians are relaxed or lifted, but always subject to any new limits. In addition, after 90 days have lapsed from a reduction or removal in the limits on ownership by non-Canadians, the Company may deem the Non-Voting Shares converted into Subordinate Voting Shares to the extent of the change in the limits on non-Canadian ownership.

The restrictions on shareholdings and powers granted to the directors of CWS are included to ensure that the Company complies with regulatory requirements that limit the ownership or control by non-Canadians of companies that operate in the telecommunications industry in Canada. These include restrictions on the holding or transfer of, or conversion into, voting shares by non-Canadians. In addition, the directors of the Company will have the right to limit the voting or cause the disposition, redemption or repurchase of voting shares in certain instances.

Restricted Securities

The Subordinate Voting Shares are restricted securities within the meaning of NI 41-101 because there is another class of shares of the Company that carries a greater number of votes per share relative to the Subordinate Voting Shares. The holders of the Subordinate Voting Shares are entitled to one vote per Subordinate Voting Share held whereas holders of the Multiple Voting Shares are entitled to 200 votes per Multiple Voting Share held.

As described above, there are circumstances where holders of Subordinate Voting Shares may convert, or be required to convert their Subordinate Voting Shares into Non-Voting Shares. The Non-Voting Shares do not entitle the holders thereof to vote at shareholder meetings, unless otherwise required by law.

The percentage of the aggregate voting rights attached to the Subordinate Voting Shares after giving effect to the Offering will be ● %.

Coattail Trust Agreement

Pursuant to a coattail trust agreement dated September 1, 2007 (the "**Coattail Trust Agreement**") between the Company, T. Boyd Craig, J. Drew Craig, S. Miles Craig, Manalta Investment Company Ltd. (collectively the "**MVS Holders**") and Equity Transfer and Trust Company, the MVS Holders have agreed not to sell, directly or indirectly, any Multiple Voting Shares pursuant to a take-over bid, as defined by applicable securities legislation, under circumstances in which securities legislation would have required the same offer or a follow-up offer to be made to all holders of Subordinate Voting Shares as if the sale had been of Subordinate Voting Shares rather than Multiple Voting Shares, but otherwise on the same terms.

CONSOLIDATED CAPITALIZATION

The authorized capital of CWS consists of an unlimited number of three classes of shares; Multiple Voting Shares, Subordinate Voting Shares and Non-Voting Shares.

The following table sets forth the Company's consolidated capitalization as at June 1, 2008 both before and after giving effect to the Offering. The table should be read in conjunction with the financial statements of the Company and the accompanying notes thereto, which appear elsewhere in this Prospectus.

Description	Authorized	Outstanding as at February 29, 2008 before giving effect to the Offering on a non-diluted basis (Unaudited)	Outstanding after giving effect to the Offering on a non-diluted basis (Unaudited)
Multiple Voting Shares	Unlimited	$● (3,642,883 Multiple Voting Shares)	$● (3,642,883 Multiple Voting Shares)
Subordinate Voting Shares	Unlimited	$● (44,121,875 Subordinate Voting Shares)	$● (● Subordinate Voting Shares)
Non-Voting Shares	Unlimited	nil	nil

OPTIONS TO PURCHASE SECURITIES

As at ● , 2008, 2,000,000 options to purchase Multiple Voting Shares and 3,105,838 options to purchase Subordinate Voting Shares were granted and outstanding. The following is a summary of certain of the principal features of the Company's Stock Option Plan (the "**Stock Option Plan**").

The maximum number of Subordinate Voting Shares reserved for issuance under the Stock Option Plan and all of the Company's other security based compensation arrangements at any given time will be equal to 10% of the issued and outstanding shares of the Company (including all the Subordinate voting shares and Multiple Voting shares) from time to time outstanding. Any Subordinate Voting Shares subject to an option which has been granted under the Stock Option Plan and which have been cancelled, repurchased, expired or terminated in accordance with the terms of the Stock Option Plan without having been exercised will again be available under the Stock Option Plan. Any increase in the issued and outstanding shares in the capital stock of CWS (Subordinate Voting Shares or Multiple Voting Shares) will result in an increase in the available number of shares issuable under the Stock Option Plan and an exercise of options will make new grants available under the plan effectively resulting in a re-loading of the number of options available to grant under the Stock Option Plan. As the Stock Option Plan is a "rolling" stock option plan, it must be approved every three years by the directors and shareholders of the Company.

The aggregate number of Subordinate Voting Shares for issuance on a yearly basis to any one person cannot exceed 5% of the number of issued and outstanding shares of CWS (including shares of the CWS) at the time of the grant of the option. The aggregate number of shares of the Company issued to insiders of the Company within any 12 month period, or issuable to Insiders of the Company at any time, under the plan and any other security-based compensation arrangements of CWS may not exceed 10% of the total number of issued and outstanding shares of the Company at such time.

*Craig Wireless Systems (Cyprus) Limited ("**CWC**") Warrants*

There are currently issued and outstanding warrants of CWC, which entitle the holders thereof the option to purchase an aggregate of 1,200,000 shares of CWC (representing approximately 15% of CWC) for the aggregate exercise price of the higher of (i) €1,050,000 and (ii) 15% of net book value of CWC. The exercise price and the number of purchased shares are subject to adjustment as prescribed in the terms of the warrants.

PRIOR SALES

There have been no issuances of Subordinate Voting Shares or shares convertible into Subordinate Voting Shares since the Company came into existence on September 1, 2007, other than through the exercise of options.

TRADING PRICE AND VOLUME OF SUBORDINATE VOTING SHARES

The Subordinate Voting Shares are currently listed on the TSX under the trading symbol "CWG". The Subordinate Voting Shares commenced trading on September 17, 2007. The following table sets forth the reported high and low sale prices and trading volume for the Subordinate Voting Shares on the TSX on a monthly basis since the listing date.

	High Price	Low Price	Volume
September 17 - 30, 2007	$4.75	$3.25	1,412,003
October 1 - 31, 2007	$4.50	$3.65	1,019,806
November 1 - 20, 2007	$4.63	$3.80	547,847
December 1 - 31, 2007	$3.80	$3.00	180,239
January 1 - 31, 2008	$4.25	$3.10	40,258
February 1 - 29, 2008	$3.67	$3.18	44,272
March 1 - 31, 2008	$3.35	$2.30	110,182
April 1 - 30, 2008	$3.00	$2.30	338,693
May 1 - 31, 2008	$2.95	$2.32	454,754

ESCROWED SECURITIES

The following securities of CWS are being held in escrow, as of June 1, 2008:

Designation of Class	Number of Securities Held in Escrow[(1)]	Percentage of Class (non-diluted basis)
Subordinate Voting Shares	15,817,843	● %[(2)]
Multiple Voting Shares	1,808,525	● %[(3)]

Notes:

(1) There are two separate escrow agreements relating to the Company's shares. The first escrow agreement is dated May 10, 2007 and relates to Subordinate Voting Shares held by former directors and /or officers of SSQ Acquisitions Inc., a predecessor corporation of the Company ("**CPC Escrowed Shares**"). Equity Transfer Services Inc. acts as escrow agent for the CPC Escrowed Shares. The second escrow agreement is dated September 1, 2007 and relates to Subordinate Voting Shares held by certain members of the Craig family and their holding company (the "**Value Escrowed Securities**"). Equity Transfer Services Inc. acts as escrow agent for the Value Escrowed Shares. The release dates for all of the shares held under escrow are: 25% of the escrowed securities were released on the date of the Final Exchange Bulletin, being September 14, 2007, and release of an additional 25% every 6 months thereafter, until all of the escrowed securities have been released.

(2) Assumes ● Subordinate Voting Shares issued and outstanding as at ● .

(3) Assumes ● Multiple Voting Shares issued and outstanding as at ● .

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and senior officers of the Company, as of ● , 2008, no person or company owns, beneficially or of record, directly or indirectly, or exercises control or direction over, more than 10% of the Subordinate Voting Shares except as follows:

Name	Shares Owned	
	Number and Class	Percentage of Class[(1)]
Manalta Investment Company Ltd.[(2)]	30,285,688 Subordinate Voting Shares	68.64%
Manalta Investment Company Ltd.[(2)]	3,357,169 Multiple Voting Shares[(1)]	92.16%

Notes:

(1) This percentage is based on total shares of each class outstanding on a non-diluted basis.

(2) Manalta Investment Company Ltd. is beneficially owned by T. Boyd Craig, J. Drew Craig, S. Miles Craig and SaskTel Investments Inc. Each of T. Boyd Craig, J. Drew Craig, and S. Miles Craig owns 33% of the voting securities of Manalta and SaskTel Investments Inc. owns 1%. In addition, (i) Mr. T. Boyd Craig directly owns 231,713 Multiple Voting Shares and 9,000 Subordinate Voting Shares and also holds options to purchase 1,000,000 Multiple Voting Shares and 350,000 Subordinate Voting Shares; (ii) Mr. J. Drew Craig directly owns 28,167 Multiple Voting Shares and 69,900 Subordinate Voting Shares and also holds options to purchase 1,000,000 Multiple Voting Shares and 350,000 Subordinate Voting Shares; and (iii) S. Miles Craig directly owns 25,834 Multiple Voting Shares and 37,100 Subordinate Voting Shares. Manalta, together with T. Boyd Craig, J. Drew Craig and S. Miles Craig own all of issued and outstanding Multiple Voting Shares, thereby having control over **[● %]** of the voting interest of CWS.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Securityholding

The following table sets forth the names, positions, municipalities of residence and the respective security holdings of the directors and executive officers of CWS as of June 1, 2008.

Name, Position and Municipality of Residence	Principal Occupations for the Previous Five (5) Years	Director Since/Expiry of Term of Office	Shares of CWS Beneficially Owned, Directly or Indirectly, or Over which Control or Direction is Exercised(1)
David Lazzarato Chief Executive Officer Mississauga, Ontario	Executive Vice President and Chief Financial Officer Alliance Atlantis Communications Inc. (2005-2007) Chairman of Motion Picture Distribution (2005-2007) Chief Corporate Officer of MTS Allstream Inc. (2004) Executive Vice-President and Chief Financial Officer of Allstream Inc. (formerly AT&T Canada Inc.) (1999-2004)	N/A	125,000 Subordinate Voting Shares (0.28%)(2)
T. Boyd Craig Co-Executive Chairman and Company Founder British Columbia, Canada and California, United States	Former President and Chief Executive Officer of the Company	September 1, 2007/Next Annual General Meeting of CWS shareholders (Previously, a director of the Predecessor CWS from October 23, 2002 to September 1, 2007.)	231,713 Multiple Voting Shares(3)(4)(5) (6.36%) 9,000 Subordinate Voting Shares (0.02%)
J. Drew Craig(9) Co-Executive Chairman and Director Toronto, Ontario	Executive Chairman of the Company	September 1, 2007/Next Annual General Meeting of CWS shareholders (Previously, a director of Predecessor CWS from October 23, 2002 to September 1, 2007.)	28,167 Multiple Voting Shares(3)(4)(5) (0.77%) 69,900 Subordinate Voting Shares (0.16%)
Wesley Thiessen Director of Finance and interim Chief Financial Officer Winnipeg, Manitoba	Chief Operating Officer and Chief Financial Officer of Apex Realty Properties Inc.	N/A	Nil
William C. Fraser(8) Director Winnipeg, Manitoba	Retired, former President and Chief Executive Officer of Manitoba Telecom Services Inc.	January 8, 2008/Next Annual General Meeting of CWS shareholders	25,000 Subordinate Voting Shares(6) (0.06%)
Barry J. Reiter(9) Director Toronto, Ontario	Chair, New Economy Practice and Partner, Bennet Jones LLP	January 31, 2008/Next Annual General Meeting of CWS shareholders	Nil(6)
David Coriat(8) Director Toronto, Ontario	Executive Vice-President and Chief Financial Officer of Slaight Communications Ltd.	January 31, 2008/Next Annual General Meeting of CWS shareholders	Nil(6)
Bruce Rothney(8),(9) Director Toronto, Ontario	Deputy Chairman of RBC Capital Markets	September 1, 2007/Next Annual General Meeting of CWS shareholders	300,000 Subordinate Voting Shares(6),(7) (0.68%)
Todd Thomson Secretary Winnipeg, Manitoba	Lawyer, Aikins, MacAulay & Thorvaldson LLP	N/A	Nil

(1) This percentage is based on total class of shares outstanding on a non-diluted basis in each class.

(2) Excludes 1,650,000 options to purchase Subordinate Voting Shares at an exercise price of $2.75 per Subordinate Voting Share, held by Mr. Lazzarato.

(3) Excludes 1,000,000 options to purchase Multiple Voting Shares at an exercise price of $3.50 per Multiple Voting Share.

(4) Excludes 350,000 options to purchase Subordinate Voting Shares at an exercise price of $3.50 per Subordinate Voting Share.

(5) T. Boyd Craig and J. Drew Craig, together with their brother S. Miles Craig, each beneficially controls 33% of the voting securities of Manalta Investment Company Ltd., the Company's controlling shareholder.

(6) Excludes 40,000 options to purchase 40,000 Subordinate Voting Shares at an exercise price of $3.41 per Subordinate Voting Share, held by Mr. Fraser, Mr. Coriat and Mr. Reiter respectively.

(7) Excludes 200,000 options to purchase 200,000 Subordinate Voting Shares at an exercise price of $3.50 per Subordinate Voting Share, held by Mr. Rothney.

(8) Member of the Audit Committee of the Company (Chairman — William C. Fraser).

(9) Member of the Compensation, Corporate Governance and Nomination Committee (Chairman — Barry J. Reiter).

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or officer of CWS, except as noted below, is, or within the past ten years before the date of this prospectus, has been a director, chief executive officer or chief financial officer of any other issuer that:

(i) was subject to either a cease trade order; an order similar to a cease trade order; or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "**Order**") that was issued while the director or officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to an Order that was issued after the director or officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, state the fact and describe the basis on which the order was made and whether the order is still in effect; or

(iii) is, or has been within 10 years before the date of this prospectus, a director or executive officer of any issuer that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

Mr. J. Drew Craig was named as a party to a management cease trade order ("**Management CTO**") in December, 2007 against the directors and officers of Peace Arch Entertainment Group Inc. The Management CTO was issued as a result of Peace Arch Entertainment Group Inc. not filing its financial statements and related information for the year ended August 31, 2007 by the required date. A temporary Management CTO dated December 13, 2007 was allowed to lapse/expire as of December 24, 2007 and was replaced with a permanent Management CTO dated December 24, 2007. The Management CTO was lifted on April 3, 2008.

Mr. David Lazzarato was Executive Vice President and Chief Financial Officer of AT&T Canada Inc. when AT&T Canada Inc. voluntarily filed an application for creditor protection under the *Companies' Creditor Arrangement Act* (Canada) on October 12, 2002. On April 1, 2003, AT&T Canada Inc. implemented a consolidated plan of arrangement and reorganization, and emerged from creditor protection under the name AT&T Canada Limited.

Mr. Reiter was a director of Lava Systems Inc. ("**Lava**"), in February, 1999, when a court-appointed receiver manager was appointed trustee in bankruptcy of Lava under the *Bankruptcy and Insolvency Act*. Lava was subject to a cease trade order in 1999 for a failure to file financials and again in 2002. Mr. Reiter was a director of Battery Technologies Inc. ("**Battery**"), which became subject to cease trade orders and, subsequently, became bankrupt in 2003. Mr. Reiter had ceased acting as a director of Battery prior to the cease trade orders and its subsequent bankruptcy.

No director or officer of CWS, or a shareholder holding a sufficient number of securities of CWS to affect materially the control of CWS, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

No director or officer of CWS, or a shareholder holding a sufficient number of securities of CWS to affect materially the control of CWS, or a personal holding company of any such persons has, within the 10 years before the date of this prospectus become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

Conflicts of Interest

Some of the directors, officers or promoters of CWS are also directors and officers of other companies and have other business interests which may prove to be of interest to CWS. It is possible, therefore, that a conflict may arise between their duties as directors or officers of CWS and their duties as directors or officers of such companies. CWS requires that such individuals disclose all such conflicts in accordance with the CBCA and that they govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

EXECUTIVE COMPENSATION

The total direct compensation for the Company's executive officers is comprised of base salaries. CWS does not currently have a pension plan.

The following table presents, for the completed financial years of the Company since 2005, the remuneration of the executive officers set forth below (collectively, the "**Named Executive Officers**"). No other executive officer of CWS received a combined salary and bonus of more than $150,000 in the Fiscal year ended August 31, 2007.

		Annual Compensation			Long-Term Compensation			
					Awards		Payouts	
Name and Principal Position	**Year**	**Salary ($) ('000)**	**Bonus ($)**	**Other Annual Compensation ($) ('000)**	**Shares Under Options Granted (#)**	**Restricted Shares or Restricted Share Units ($)**	**Long Term Incentive Plans Payouts ($)**	**All Other Compensation ($)**
T. Boyd Craig	2007	USD $226	—	$12[(1)]	—	—	—	—
Co-Executive Chairman	2006	USD $226	—	$12[(1)]	—	—	—	—
and Company founder	2005	USD $ 70 CDN $148	—	—	—	—	—	—
J. Drew Craig[(2)]	2007	—	—	—	—	—	—	—
Executive Chairman	2006	—	—	—	—	—	—	—
	2005	—	—	—	—	—	—	—
Gordon Johannson	2007	$135	—	—	—	—	—	—
Former Executive Vice	2006	$135	—	—	—	—	—	—
President and COO[(3)]	2005	$135	—	—	—	—	—	—
Wesley Thiessen	2007	$120	—	—	—	—	—	—
Interim CFO[(4)]	2006	—	—	—	—	—	—	—
	2005	—	—	—	—	—	—	—
David Lazzarato[(5)] CEO	2008	$350	—	—	1,650,000	—	—	—

(1) $1,000 car allowance per month.

(2) Mr. J. Drew Craig does not currently receive a salary from CWS.

(3) Effective as of June 6, 2008, Mr. Johannson retired from the Company.

(4) Mr. Thiessen was appointed Director of Finance on December 12, 2007 and Interim Chief Financial Officer of the Company on January 8, 2008. The 2007 salary represented for Mr. Thiessen is his annual salary.

(5) Mr. Lazzarato was appointed CEO of the Company effective April 28, 2008, replacing Mr. T. Boyd Craig who assumed the office of Co-Executive Chairman and Company founder. The salary represented for Mr. Lazzarato is his annual salary.

Termination of Employment, Changes in Responsibility and Employment Contracts

Lazzarato Employment Agreement

On April 18, 2008 the Company entered into an employment agreement with David Lazzarato providing for the terms of his employment with the Company as Chief Executive Officer (the "**Lazzarato Employment Agreement"**). Pursuant to the Lazzarato Employment Agreement, Mr. Lazzarato receives an annual base salary of $350,000, as well as an annual bonus of 50%, subject to the achievement of performance targets set by the board of directors, which annual bonus may in the sole discretion of the board of directors be increased to a maximum of 100% of annual base salary for extraordinary achievement beyond the performance targets set by the board of directors.

The Lazzarato Employment Agreement also provides for the following payments upon termination by CWS without cause: (i) at any time during the first six months of employment, payment in the amount of three months base salary and a bonus of 50% of base salary, (ii) after the first six months of employment and before the expiry of one year from the date of employment, payment in the amount of six months base salary and a bonus of 50% of base salary, (iii) at any time after one year from the date of employment, payment in the amount of 12 months plus one additional month for each complete year of employment with the Company, to a maximum of 24 months' base salary and bonus of 50% of such base salary (the "**Termination Payment**").

The Lazzarato Employment Agreement further provides that after 12 months of employment, and in the event of termination by CWS without cause within 6 months of a "change of control" (as defined in the Lazzarato Employment Agreement) of the Company, Mr. Lazzarato will be entitled to an amount equal to two times the Termination Payment to a maximum of 36 months' base salary and a bonus of 50% of such base salary.

Aside from the Lazzarato Employment Agreement, there are no other written employment contracts between the Company and the other Named Executive Officers and there are no compensatory plans or arrangements with respect to the other Named Executive Officers resulting from the resignation, retirement or other termination of employment of any other Named Executive Officer's employment with the Company, or from a change of control, or from a change of a Named Executive Officer's responsibilities following a change of control.

Johannson Retirement

On June 6, 2008, Gordon Johannson retired from the Company. Pursuant to his retirement, the Company paid Mr. Johansson $135,000, less required deductions, on June 6, 2008 and is required to make a further payment of $135,000, less required deductions, on January 1, 2009.

OPTIONS GRANTED

The following sets out the information concerning options granted during the current financial year of the Company to Named Executive Officers:

Name	Shares Under Options Granted (#)	% of Total Options Granted to Employees in Financial Year	Exercise or Base Price($/Share)	Market Value of Shares Underlying Options on the Date of Grant ($/Share)	Expiration Date
David Lazzarato	1,650,000(1)	2008	$2.75	$2.50	April 28, 2018

(1) David Lazzarato was appointed CEO of the Company effective April 28, 2008 and was granted 1,650,000 options to purchase 1,650,000 Subordinate Voting Shares. Subject to the conditions noted below, 900,000 of the options shall vest and become exercisable over a period of three years from the date they were granted and the remaining 750,000 options shall vest and become exercisable subject to certain performance targets being achieved. 350,000 of the options were conditionally granted and will not be eligible to vest and become exercisable until receipt of either shareholder approval at the Company's next meeting of shareholders, or upon reloading of the Company's stock option plan in the event that the Company's share capital is increased prior to receipt of such shareholder approval.

COMPENSATION OF DIRECTORS

The Company pays each director an annual retainer of $20,000. Directors receive an additional $1,000 for every meeting of the board of directors attended and an additional $500 for every committee meeting attended. The chair of the Audit Committee receives an additional annual retainer of $5,000 and the chair of the Compensation, Corporate Governance and Nomination Committee receives an additional annual of retainer $4,000. In addition, new directors of the Company receive 40,000 options to purchase Subordinate Voting Shares, to vest over three years.

AUDIT COMMITTEES AND CORPORATE GOVERNANCE

The Board of Directors of the Company currently has two committees; the Audit Committee and the Compensation, Corporate Governance and Nomination Committee.

Audit Committee

CWS' Board of Directors is required to elect annually from among its members an audit committee comprised of not less than three members. The members of the Audit Committee are William C. Fraser (Chair), Bruce Rothney and David Coriat. All of the members of the Audit Committee are independent and all are financially literate. The Audit Committee is governed by the Audit Committee Charter, a copy of which is attached to this prospectus as Appendix A.

Relevant Education and Experience

The education and related experience of each of the members of the Audit Committee that is relevant to the performance of their responsibilities as a member of the Audit Committee are set out below.

William C. Fraser was the President and Chief Executive Officer, and a Director of Manitoba Telecom Services Inc. from 1994 to 2006. Mr. Fraser was the Vice President Finance of MTS from 1986 to 1994, and prior to that was the Assistant Deputy Minister, Finance for the Government of Manitoba (1981-1986). Mr. Fraser is a Chartered Accountant and was named a Fellow of the Institute of Chartered Accountants in 2002.

Bruce Rothney is a Deputy Chairman of RBC Capital Markets and has extensive experience in Investment Banking. A Chartered Accountant, Mr. Rothney holds a Bachelor of Commerce (Honours) from the University of Manitoba and an MBA from the University of Western Ontario. He is a member of the board of directors of North York General Hospital, The Bishop Strachan School, The Richard Ivey School of Business and the Canadian Walk of Fame.

David Coriat was the Executive Vice-President and Chief Financial Officer and Director of Standard Broadcasting Corporation Limited and now occupies those positions with Slaight Communications Ltd. Mr. Coriat joined Standard Broadcasting in 1986 after a successful career with an international accounting firm.

Non-Audit Services

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services but the Audit Committee Charter provides that the Audit Committee will pre-approve the appointment of the auditor for any non-audit service to be provided to the Company or to any subsidiary of the Company; provided that it will not approve any service that is prohibited under the rules of the Canadian Public Accountability Board or the Independence Standards of the Canadian Institute of Chartered Accountants. Before the appointment of the auditor for any non-audit service, the Audit Committee will consider the compatibility of the service with the auditor's independence.

The Audit Committee Charter further provides that the Audit Committee may pre-approve the appointment of the auditor for any non-audit services by adopting specific policies and procedures, from time to time, for the engagement of the auditor for non-audit services. Such policies and procedures will be detailed as to the particular service, and the Audit Committee must be informed of each service, and the procedures may not include delegation of the Audit Committee's responsibilities to management.

External Auditor Service Fees

Audit Fees

The aggregate fees billed by the Company's external auditor for audit services rendered were $182,000 in Fiscal 2007 and $32,275 in Fiscal 2006.

Audit-Related Fees

The aggregate fees billed for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees" above were $125,000 in Fiscal 2007 and nil in Fiscal 2006. Audit-related fees incurred in Fiscal 2007 pertained to the completion of the "three-cornered" amalgamation on September 1, 2007 resulting in the Company becoming a reporting issuer.

Tax Fees

The aggregate fees billed for professional services rendered by the Company's external auditor for tax compliance, tax advice, and tax planning were $26,625 in Fiscal 2007 and $16,500 in Fiscal 2006. These fees related entirely to statutory tax compliance services.

All Other Fees

The aggregate fees for products and services provided by the Company's external auditor, other than the services reported under "Audit Fees", "Audit-Related Fees" and "Tax Fees" above were nil in Fiscal 2007 and nil in Fiscal 2006.

Corporate Governance

A summary of the Company's corporate governance procedure in relation to the guidelines for effective corporate governance pursuant to National Instrument 58-101 — *Disclosure of Corporate Governance Practices* and National Policy 58-201 — *Corporate Governance Guidelines* is set out below.

Board of Directors

The Board of Directors of the Company is comprised of six directors, a majority of whom are independent directors. The following directors are considered to be independent: Bruce Rothney, William Fraser, David Coriat and Barry J. Reiter. The following directors are not considered to be independent: T. Boyd Craig (who is the Co-Executive Chairman of the Company and Company Founder) and J. Drew Craig (who is the Co-Executive Chairman of the Company).

Currently, the following directors serve on the following boards of directors of other reporting issuers:

CWS Director	Other Reporting Issuers
T. Boyd Craig	—
J. Drew Craig	Peace Arch Entertainment Group Inc.
Bruce Rothney	—
William C. Fraser	Imris Inc.
David Coriat	—
Barry J. Reiter	Electric-Spin Ltd. and Technologies Incorporated

The independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. However, the independent directors have held and shall hold such meetings, as and when it is necessary.

The Co-Executive Chairmen are not independent directors. The Board of Directors provides leadership for its independent directors by fostering an environment of open communication and the encouragement of dialogue.

Since September 1, 2007, there have been ten (10) meetings of the Board or Directors. The table below sets out the attendance record of each director for all board meetings held since each director joined the Board of Directors:

CWS Director	Meetings Attended
T. Boyd Craig	10 of 10
J. Drew Craig	10 of 10
Bruce Rothney	9 of 10
William C. Fraser(1)	3 of 6
David Coriat(2)	3 of 3
Barry J. Reiter(2)	2 of 3

(1) Mr. Fraser was appointed to the Board of Directors on January 8 to replace Mr. Ronald Schmeichel.

(2) Mr. Coriat and Mr. Reiter were appointed to the Board of Directors on January 21, 2008, Mr. Coriat replaced Mr. Gary Slaight and Mr. Reiter was appointed as an additional independent director of the Company.

Board Mandate

The Board of Directors has adopted a written mandate that summarizes the governance and management roles and responsibilities of the Board of Directors. A copy of the mandate of the Board of Directors is attached to this prospectus as Appendix B.

Position Descriptions

The Board of Directors has developed written position descriptions for the Chairmen of the Board of Directors and for the chair of each committee of the Board of Directors. The positions descriptions can be found in the mandate of the Board of Directors, attached to this prospectus as Appendix A.

It is the duty of the Compensation, Corporate Governance and Nomination Committee to, together with the Chief Executive Officer (the "**CEO**"), review the position description for the CEO which sets out the CEO's authority and responsibilities. The Compensation, Corporate Governance and Nomination Committee has not, to date, developed a formal, documented position description for the CEO given the recent change in CEO, but intends to do so.

Orientation and Continuing Education

New directors of the Company are provided with a board manual that contains certain important reference information, including the Company's policies and mandates, constating documents and organizational structure in order to improve their understanding of the business, operations and affairs of the Company. New directors of the Company are given full access to the Company's records and are given the opportunity to individually meet senior management of the Company. On an ongoing basis, the directors are given business updates on various aspects of the Company's activities and functions to ensure they keep aware of any important changes and issues as and when required.

Ethical Business Conduct

The Board of Directors has adopted a written code of business conduct and ethics (the "**Code of Conduct**") which applies to all directors, officers and employees of the Company. The Code of Conduct provides that all of activities should be conducted with the highest standards of fairness, honesty and integrity and in compliance with all legal and regulatory requirements. The Code of Conduct is posted on the Company's website at www.craigwireless.com.

All directors and officers of the Company must complete a statement of compliance within 30 days of receiving a copy of the Code of Conduct.

The Code of Conduct provides that each employee, officer and director or a member of his or her family (or similar) must disclose without delay any personal interest in transactions or proposed transactions of the

Company and any other conflict of interest, including the underlying facts, arising in connection with their activities for the Corporation to the Chief Financial Officer (or, if unavailable, the CEO).

Compensation, Corporate Governance and Nomination Committee

The Board of Directors has established the Compensation, Corporate Governance and Nomination Committee. The Compensation, Corporate Governance and Nomination Committee is governed by the Compensation, Corporate Governance and Nomination Committee Charter. The Compensation, Governance, and Nominating Committee consists of a minimum of three directors appointed annually by the board of directors of the Company. This committee reviews and recommends corporate governance and compensation practices and procedures to CWS' Board of Directors. It is also responsible for reviewing and in some cases approving benefit plans, succession planning, and identifying and nominating candidates for board membership.

The members of the Compensation, Corporate Governance and Nomination Committee are Barry J. Reiter (Chair), Bruce Rothney and Drew Craig. Two of the three members of the Committee are independent directors. The Board of Directors ensures an objective nomination process by ensuring that the majority of the committee is comprised of independent directors.

Assessments

Pursuant to the Board of Director's Mandate, the Compensation, Corporate Governance and Nomination Committee, in consultation with the Co-Executive Chairmen, will ensure that an appropriate system is in place to evaluate and perform an annual evaluation of the effectiveness of the Board of Directors as a whole as well as the committees of the Board of Directors, and the boards of directors or managers and board committees of the Company's subsidiaries, to ensure they are fulfilling their respective responsibilities and duties. In connection with these evaluations, each director will be requested to provide his or her assessment of the effectiveness of the Board of Directors and each committee as well as the performance of individual directors.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer or senior officer, and no proposed management nominee for election as a director of CWS or any associate thereof, will be indebted to CWS or any of its subsidiaries, or has been at any time during the preceding financial year.

PLAN OF DISTRIBUTION

Pursuant to an agency agreement to be dated for reference the date of the final prospectus (the "**Agency Agreement**"), the Company appointed the Agents, to conditionally offer the Subordinate Voting Shares on a best efforts agency basis, if, as and when issued by the Company and delivered and accepted by the Agents. Subscriptions for Subordinate Voting Shares offered hereunder will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Subordinate Voting Shares and any Over-Allotment Shares issued pursuant to the Offering will be available for deposit through the book based facilities of The Canadian Depositary for Securities Limited following the closing of the Offering (other than in respect of U.S. persons).

The price of the Subordinate Voting Shares being offered was determined by negotiation between the Company and National Bank Financial Inc. ("**NBF**") on its own behalf and on behalf of the other Agents. The Agents have agreed to sell on an agency basis the Subordinate Voting Shares offered hereby, but are not obligated to purchase any of the Subordinate Voting Shares for their own account. The Agents, in connection with the Offering and subject to the Company's prior approval retain one or more licensed dealers, brokers or investment dealers as sub-agents and may receive subscriptions for Subordinate Voting Shares from such sub-agents.

The Company granted the Agents the Over-Allotment Option, exercisable for a period of 30 days from Closing, to purchase up to 15% of the total number of Subordinate Voting Shares issued in connection with the Offering on the same terms as set out above solely to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is fully exercised, (i) the Issuer will issue the ● Subordinate Voting

Shares and ● Over-Allotment Shares; and (ii) the cumulative gross proceeds from the Offering, the Agent's Commission and the cumulative net proceeds (after deducting the Agent's Commission) to the Issuer will be $ ● , $ ● and $ ● , respectively. This Prospectus qualifies the distribution of the Over-Allotment Option and the distribution of the Over-Allotment Shares.

The Agents will receive a commission equal to 6% of the gross proceeds of the Offering, payable in cash. The Company will pay the Agent's expenses in connection with the Offering.

The Agency Agreement provides that, upon the occurrence of certain events or at the discretion of any of the Agents on the basis of their assessment of the state of financial markets or the market for the Subordinate Voting Shares, any of the Agents may terminate without any liability on its part or on the part of its subscribers, its obligations to purchase and sell the Subordinate Voting Shares under the Offering.

The Company has agreed not to, directly or indirectly, without the prior consent of the NBF, on behalf of the Agents, such consent not to be unreasonably withheld, sell, offer to sell, grant any option or warrant for the sale of, or otherwise lend, transfer or dispose of (including without limitation making any short sale, engaging in any hedging transaction or entering into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Subordinate Voting Shares or securities convertible or exchangeable into Subordinate Voting Shares), secure, pledge, or announce any intention to do so, in a public offering or by way of private placement or otherwise, any Subordinate Voting Shares or any securities convertible or exchangeable into Subordinate Voting Shares for a period of 90 days after the closing of the Offering, other than pursuant to rights or obligations under securities or instruments outstanding or pursuant to any Company employee or other compensation plans and, excluding private placements of Subordinate Voting Shares to commercial counterparties (such as suppliers).

Offering in the United States

The Subordinate Voting Shares being offered hereunder and Over-Allotment Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**1933 Act**") or any state securities laws, and may not be offered or sold, directly or indirectly, within the United States or its territories or possessions or to or for the account or benefit of any "U.S. person" (as defined in Regulation S under the 1933 Act) unless registered under the 1933 Act and applicable state securities laws or in reliance on an exemption therefrom. The Subordinate Voting Shares being offered hereunder and Over-Allotment Shares will be offered in the United States to qualified institutional "accredited investors" that satisfy one or more of the criteria set forth in Rule 501(a)(1) (2) (3) or (7) of Regulation D under the 1933 Act in private transactions on the basis of such exemption. The Subordinate Voting Shares being offered hereunder and Over-Allotment Shares offered in the United States will be offered by the U.S. affiliate of the Agent. The Agency Agreement provides that the Agent (or such U.S. affiliate) will offer and sell the Subordinate Voting Shares being offered hereunder and Over-Allotment Shares outside the United States only in accordance with Regulation S under the 1933 Act.

This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Subordinate Voting Shares being offered hereunder or Over-Allotment Shares in the United States or to, or for the account or benefit of, U.S. persons. Physical certificates representing any Subordinate Voting Shares being offered hereunder or Over-Allotment Shares which are sold in the United States or to, or for the account or benefit of, a U.S person will bear a legend to the effect that the securities represented thereby are not registered under the 1933 Act and may only be offered or sold pursuant to certain exemptions from the registration requirements of the 1933 Act.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis (the "**MD&A**") constitutes management's review, as of ● , 2008, of the factors that affected financial and operating performance for CWS and Predecessor CWS (for the purpose of this section, both referred to as the "Company") for the three month and six month periods ending February 29, 2008 and for the fiscal year ended August 31, 2007.

This MD&A is supplementary to, and should be read in conjunction with, the unaudited consolidated financial statements of CWS for the three month and six month period ending February 29, 2008 and the audited consolidated financial statements of Predecessor CWS for the year ended August 31, 2007. The Company's financial statements and the notes thereto have been prepared in accordance with Canadian generally accepted accounting principles ("**Canadian GAAP**"). In this MD&A the terms "we", "us", "our", "Company" and "CWS" refer to the Company on a consolidated basis.

1. OVERALL PERFORMANCE

The Company's revenues continue to decline, as the Company continued to shift its focus away from its current services of fixed-wireless digital television distribution business. This shift in focus has resulted in declining revenues from subscriptions for digital television, however Internet revenues have remained consistent. The Company is planning to expand its service offerings and is in the network build-out phase of WiMAX-enabled networks in Greece and the Coachella Valley region of California, however, these new revenue sources will only impact on future periods. Total assets of the Company are decreasing due to, among other things, the repayment of bank indebtedness and the funding of operating expenses.

SELECTED FINANCIAL INFORMATION

Year Ended August 31, 2007

The following table sets out selected consolidated financial information for the Company for the periods indicated below:

	Fiscal Year Ended August 31, 2007 ($)	Fiscal Year Ended August 31, 2006 ($)
Total revenues	2,273,402	2,407,886
Operating loss	10,006,431	2,727,412
Other income (loss)	621,906	(128,776)
Net loss	9,384,525	2,856,188
Loss per share (basic and diluted)	$ 0.316	$ 0.098
Total assets	58,836,504	18,101,371

2. RESULTS OF OPERATIONS

Three and Six Months Ended February 29, 2008

Segmented Operations for the second quarter ended February 29, 2008

	Cyprus ($)	Manitoba ($)	British Columbia ($)	All Others ($)	Total ($)
Sales	—	457,054	25,691	—	482,745
Cost of sales	—	145,181	4,240	—	149,421
Margin	—	311,873	21,451	—	333,324
Operating expenses	121,699	558,679	216,181	861,999	1,758,558
Loss from operations	121,699	246,806	194,730	861,999	1,425,234
Other income	107,598	27,548	73,982	40,825	249,953
Loss	14,101	219,258	120,748	821,174	1,175,281

Segmented Operations for the second quarter ended February 28, 2007

	Cyprus ($)	Manitoba ($)	British Columbia ($)	All Others ($)	Total ($)
Sales	—	481,139	27,957	—	509,096
Cost of sales	—	179,240	4,283	—	183,523
Margin	—	301,899	23,674	—	325,573
Operating expenses	104,784	408,105	164,290	272,498	949,677
Loss from operations	104,784	106,206	140,616	272,498	624,104
Other income (expense)	(214,673)	13,862	1,130	(174,493)	(374,174)
Loss	319,457	92,344	139,486	446,991	998,278

The Company incurred an operating loss of $1,425,234 for the second quarter ended February 29, 2008 compared to $624,104 in the second quarter ended February 28, 2007. The operating loss was significantly higher because of the impact of decreasing sales revenue from the Company's fixed-wireless digital television video services sector and an increase in operating expenses as the Company focused efforts and allocated resources to building WiMAX-enabled networks. Network infrastructure efforts were focused primarily in Greece; however, operating losses in the Cyprus segment of $121,699 in the second quarter ended February 29, 2008 were similar to the operating loss of $104,784 in the second quarter ended February 28, 2007. The Cyprus results were similar despite the increase in activity as various costs directly attributable to the WiMAX network build-out were capitalized. Second quarter losses increased for both the Manitoba and British Columbia operating segments. The increase in the loss from operations for British Columbia is due primarily to an increase in professional fees, travel, and other administrative costs. The increase in the loss from operations for Manitoba is primarily due to an increase in professional fees, consulting fees, travel, and other administrative costs. All other segments generated an operating loss of $861,999 in the second quarter of Fiscal 2008 compared to an operating loss of $272,498 in the second quarter of Fiscal 2007. The increased losses resulted primarily from increased professional fees associated with public company filings and administrative matters and additional salary costs.

The increased loss from operations during the second quarter ended February 29, 2008 was somewhat offset by the increase in other income in the amount of $249,953 comprised primarily of interest income and foreign exchange gains. Cyprus realized a foreign exchange gain in the amount of $106,921 which largely offset the loss from operations.

Segmented Operations for the six months ended February 29, 2008

	Cyprus ($)	Manitoba ($)	British Columbia ($)	All Others ($)	Total ($)
Sales	—	898,822	52,635	—	951,457
Cost of sales	—	283,758	7,805	—	291,563
Margin	—	615,064	44,830	—	659,894
Operating expenses	1,090,338	1,017,705	418,272	1,451,106	3,977,421
Loss from operations	1,090,338	402,641	373,442	1,451,106	3,317,527
Other income	117,005	64,080	68,849	1,104,428	1,354,362
Loss	973,333	338,561	304,593	346,678	1,963,165

Segmented Operations for the second quarter ended February 28, 2007

	Cyprus ($)	Manitoba ($)	British Columbia ($)	All Others ($)	Total ($)
Sales	—	988,538	55,078	—	1,043,616
Cost of sales	—	394,797	8,017	—	402,814
Margin	—	593,741	47,061	—	640,802
Operating expenses	325,782	843,618	337,060	586,158	2,092,618
Loss from operations	325,782	249,877	289,999	586,158	1,451,816
Other income (expense)	(214,483)	34,527	1,276	(128,224)	(306,904)
Loss	540,265	215,350	288,723	714,382	1,758,720

The Company incurred an operating loss of $3,317,527 for the six months ended February 29, 2008 compared to $1,451,816 in the six months ended February 28, 2007. The operating loss was significantly higher due to the impact of decreasing sales revenue from the Company's fixed-wireless digital television video services sector and an increase in operating expenses as the Company focused efforts and allocated resources to building WiMAX-enabled networks. Network infrastructure efforts were focused primarily in Greece, which resulted in operating losses in the Cyprus segment of $1,090,338 for the six months ended February 29, 2008 compared to $325,782 for the six months ended February 28, 2007. Cyprus operating expenses consisted primarily of consulting and professional fees, payroll, and administrative costs. The increase in the loss from operations for British Columbia is due primarily to an increase in professional fees, travel, and other administrative costs. The increase in the loss from operations for Manitoba is primarily due to an increase in professional fees, consulting fees, travel, and other administrative costs. All other segments generated an operating loss of $1,451,106 in the first two quarters of Fiscal 2008 compared to an operating loss of $586,158 in the first two quarters of Fiscal 2007. The increased losses resulted primarily from increased professional fees associated with public company filings and administrative matters. These increased expenditures were offset by a large foreign exchange gain and interest income which resulted in income of $1,104,428 being reported by all others.

Year Ended August 31, 2007

Segmented Operations for the year ended August 31, 2007

	Cyprus ($)	Manitoba ($)	British Columbia ($)	All Others ($)	Total ($)
Sales	243,215	1,922,596	107,591	—	2,273,402
Cost of sales	—	736,760	15,352	—	752,112
Margin	243,215	1,185,836	92,239	—	1,521,290
Operating expenses	1,379,607	1,694,244	741,258	7,712,612	11,527,721
Loss from operations	1,136,392	508,408	649,019	7,712,612	10,006,431
Other income (loss)	357,665	(77,874)	2,653	339,462	621,906
Loss	778,727	586,282	646,366	7,373,150	9,384,525

Segmented Operations for the year ended August 31, 2006

	Cyprus ($)	Manitoba ($)	British Columbia ($)	All Others ($)	Total ($)
Sales	—	2,239,624	85,916	82,346	2,407,886
Cost of sales	—	923,537	13,078	—	936,615
Margin	—	1,316,087	72,838	82,346	1,471,271
Operating expenses	44,758	2,068,176	871,867	1,213,882	4,198,683
Loss from operations	44,758	752,089	799,029	1,131,536	2,727,412
Other income (loss)	255	164,769	5,916	(299,716)	128,776
Loss	44,503	587,320	793,113	1,431,252	2,856,188

The Company incurred an operating loss of $10,006,431 for the year ended August 31, 2007 compared to $2,727,412 in the year ended August 31, 2006. The operating loss was significantly higher because of the impact of decreasing sales revenue from the Company's fixed-wireless digital television video services sector and an increase in operating expenses as the Company focused efforts and allocated resources to building WiMAX-enabled networks. Network infrastructure efforts were focused primarily in Greece, which resulted in operating losses in the Cyprus segment of $1,136,392 in the year ended August 31, 2007 compared to $44,758 in Fiscal 2006. Operating losses declined in Fiscal 2007 in Manitoba despite reduced revenues as the Company effectively reduced operating expenses, primarily professional fees, in the Manitoba segment. The decrease in revenues in Manitoba occurred solely in the digital television video product line as the Internet revenues remained stable. Operating losses in the British Columbia segment decreased as a result of a slight increase in Internet revenues and a significant decrease in administrative expenses. All other segments generated an operating loss of $7,712,612 in the year ended August 31, 2007 compared to an operating loss of $1,131,536 in the year ended August 31, 2006. The increased losses resulted primarily from the stock based compensation expense of $5,705,903, increased salaries expense, an increase in interest expense and increased, professional fees associated with public company filings and administrative matters. These increased expenditures were offset by other income of $339,462 comprised primarily of foreign exchange gains, which resulted in a net loss of $7,373,150 being reported by all other segments.

Operating Expenses

Three and Six Months Ended February 29, 2008

	Three months ended February 29, 2008 ($)	% of Operating Expenses	Six months ended February 29, 2008 ($)	% of Operating Expenses
Amortization	287,366	16%	438,359	11%
Interest expense	72,253	4%	232,806	6%
Selling, general and administration	1,398,939	80%	3,306,256	83%
Total operating expenses	1,758,558		3,977,421	

	Three months ended February 28, 2007 ($)	% of Operating Expenses	Six months ended February 28, 2007 ($)	% of Operating Expenses
Amortization	146,007	15%	311,991	15%
Interest expense	191,856	20%	307,754	15%
Selling, general and administration	611,814	65%	1,472,873	70%
Total operating expenses	949,677		2,092,618	

Year Ended August 31, 2007

	August 31, 2007 ($)	% of Operating Expenses	August 31, 2006 ($)	% of Operating Expenses
Amortization	680,768	6%	548,030	13%
Interest expense	839,232	7%	651,585	16%
Selling, general and administration	10,007,721	87%	2,999,068	71%
Total operating expenses	11,527,721		4,198,683	

Amortization Expense

Amortization expenses include amortization of both tangible and intangible assets which relates primarily to spectrum license costs. Amortization related to intangible assets is currently insignificant as the networks associated with recent acquisitions of spectrum licenses are not operational or have not completed the start-up phase.

Three and Six Months Ended February 29, 2008

Amortization of tangible assets was $281,570 for the second quarter ended February 29, 2008 compared to $140,326 for the comparative quarter in Fiscal 2007. Amortization increased significantly to $438,359 for the six months ended February 29, 2008 compared to $311,911 for the Fiscal 2007 comparative period as assets necessary to support the build-out phase of the WiMAX-enabled networks were acquired. The amortization of intangible assets was $5,796 for the second quarter ended February 29, 2008 compared to $5,681 for the comparative quarter in Fiscal 2007.

Year Ended August 31, 2007

Amortization of tangible assets was $657,518 for the year ended August 31, 2007 compared to $524,780 for the comparative quarter in Fiscal 2007. The amortization of intangible assets was $23,250 for both the year ended August 31, 2007 and 2006.

Interest Expense

Three and Six Months Ended February 29, 2008

Interest expense for the second quarter ended February 29, 2008 was $72,253 compared to $191,856 for the second quarter ended February 28, 2007. The interest charges arose primarily from the line of credit with UBS Bank USA. The outstanding borrowings during the second quarter ended February 29, 2008 ranged higher than the comparative period in Fiscal 2007, however the impact of the increased borrowings was offset by a stronger Canadian exchange rate and lower interest rates. During the comparative period in Fiscal 2007, the Company incurred interest expense on a loan from a related party, which was repaid during the first quarter of Fiscal 2008.

For the six months ended February 29, 2008 the interest expense was $232,806 compared to $307,754 for the comparative period in 2007. During the first two quarters of Fiscal 2007, the company incurred interest charges from a line of credit with UBS Bank USA and a loan from a related party. This related party loan was repaid at the beginning of Fiscal 2008. The UBS Bank USA line of credit balance increased by $2.2 million from September 2006 to February 2008. Interest charges increased in Fiscal 2008 for the UBS Bank USA line of credit, however there were nominal interest charges related to the related party loan in Fiscal 2008. Funds were advanced by a related party on February 20, 2008 which were used to repay the UBS Bank USA line of credit balance in full.

Year Ended August 31, 2007

Interest expense for the year ended August 31, 2007 was $839,232 compared to $651,585 for the year ended August 31, 2006. The interest charges arise from the line of credit with UBS Bank USA and from interest paid on related party loans and advances. Interest expense related to the line of credit increased in the year ended August 31, 2007 as the UBS Bank line of credit was issued to the Company in March 2006 and was outstanding throughout the entire year ended August 31, 2007 compared to approximately five months in Fiscal 2006. Interest paid to related parties decreased during Fiscal 2007 compared to Fiscal 2006 as the average outstanding balance decreased significantly due to repayment of related party advances by the Company in June 2006.

Selling, General and Administration Expense

Three and Six Months Ended February 29, 2008

Selling, general and administration expenses for the second quarter ended February 29, 2008 were $1,398,939 compared to $611,814 for the second quarter ended February 28, 2007. The increase in costs for the second quarter ended February 29, 2008 is primarily due to consulting and professional fees, payroll, and administrative expenses. The Company contracts consultants and professionals to assist in operations and network build-outs and for various legal and accounting matters associated with the various segment operations.

For the six months ended February 29, 2008, selling, general and administrative expenses were $3,306,256 compared to $1,472,873 in Fiscal 2007. The increase is primarily due to professional and consulting fees, payroll and administrative expenses incurred to assist in operations and network build-outs. Consulting and professional fees account for over one-half of the increase in costs from 2007 to 2008. Salaries, wages and benefits accounted for approximately 20.5% of operating costs for the six months ended February 29, 2008. In addition, stock based compensation expense of $67,703 was recorded in the same period.

Year Ended August 31, 2007

Selling, general and administration expenses for the year ended August 31, 2007 were $10,007,721 compared to $2,999,068 for the year ended August 31, 2006. These expenses are primarily comprised of professional and consulting fees, and salaries, wages and benefits.

Professional fees accounted for approximately 17% of the operating costs in the year ended August 31, 2007 (12% in Fiscal 2006), primarily due to the operations progressing to the build-out phase of the network capabilities in Greece. The Company has contracted professionals to assist in the implementation of the network in Greece.

The salaries, wages and benefits accounted for approximately 73% of operating costs in the year ended August 31, 2007 (46% in Fiscal 2006) of which $5,705,903 or 57% was attributable to stock based compensation expense recorded in the year ended August 31, 2007.

Use of Proceeds from the CWS Private Placement

During the second quarter ended February 29, 2008, the Company: (i) acquired on auction, spectrum management rights to use 40 MHz of spectrum, in two separate lots, in the 2500-2520 and 2620-2640 MHz bands in New Zealand paying 1,186,875 New Zealand Dollars, which is equivalent to CDN $900,838, plus $42,500 in expenses related to the auction; and (ii) placed an order with Alcatel for equipment for approximately $900,000 USD with which the Company expects to deploy WiMAX-enabled network sites in the Coachella Valley region of California. The foregoing expenditures were not previously included in the anticipated use of proceeds disclosed in the Filing Statement (as hereinafter defined).

The Company did not, however, expend the amounts it had anticipated to spend in the second quarter ended February 29, 2008 in Greece as a result of the unavailability of equipment from its previous supplier in that jurisdiction (see "Results of Operations — Current Projects").

In the first quarter ended November 30, 2007, the Company identified and acted upon an opportunity to purchase spectrum rights in Norway. The Company was successful in acquiring a license to use 50 MHz of 2500-2690 MHz spectrum at a cost of 72,391,000 Norwegian Kroners, which is the equivalent of CDN $12,834,924, plus $500,000 in expenses relating to the auction.

With the exception of the foregoing, the Company has utilized the proceeds of the Private Placement during the second quarter ended February 29, 2008 as disclosed in the filing statement of SSQ dated August 22, 2007 (the "Filing Statement"). As a result of the foregoing deviations from the expected use of proceeds as set forth in the Filing Statement, the Company expects that additional equity, debt or other financings may be necessary to fully fund its development plans in certain of the markets it intends to serve.

3. SUMMARY OF RESULTS

Three and Six Months Ended February 29, 2008

	Three months ended February 29, 2008 ($)	Three months ended February 28, 2007 ($)	Six months ended February 29, 2008 ($)	Six months ended February 28, 2007 ($)
Sales	482,745	509,096	951,457	1,043,616
Cost of sales	149,421	183,523	291,563	402,814
Gross margin	333,324	325,573	659,894	640,802
Gross margin %	69.1%	64.0%	69.4%	61.4%
Operating expenses	1,758,558	949,677	3,977,421	2,092,618
Loss from operations	1,425,234	624,104	3,317,527	1,451,816
Other income (expense)	249,953	(374,174)	1,354,362	(306,904)
Net loss	1,175,281	998,278	1,963,165	1,758,720
Loss per share (basic and diluted)	$ 0.02	$ 0.02	$ 0.04	$ 0.04

Results for the three months ended February 29, 2008 and February 28, 2007

Revenue declined slightly from $482,745 in the second quarter ended February 29, 2008 compared to $509,096 in the second quarter ended February 28, 2007 as the Company continued to shift its focus away from its current offering of fixed-wireless digital television distribution business. This has resulted in declining revenues from digital television subscriptions.

Gross margin was $333,324 in second quarter ended February 29, 2008 compared to $325,573 in the second quarter ended February 28, 2007. Gross margin as a percentage of sales was 69.1% in the second quarter ended February 29, 2008 compared to 64.0% in the second quarter ended February 28, 2007.

Operating expenses in the second quarter ended February, 2008 were $1,758,558 compared to $949,677. Operating losses of $1,425,234 in the second quarter ended February 29, 2008 were significantly higher than operating losses of $624,104 in the comparative period as the Company continued to intensify its efforts in building WiMAX-enabled networks. The large increase in operating expenses resulted from increased consulting, professional fees and administrative expenses associated with network build-outs and public company filing requirements and administrative matters.

Salaries and wages have increased slightly although salaries and wages have not increased proportionately with professional fees as the Company has preferred to outsource the start-up phase activities rather than internally employing the requisite skills. The Company has maintained similar personnel levels between the comparative periods although the Company has commenced hiring additional staff coinciding with the planned completion of network capabilities and the introduction of new services. The Company expects to develop its internal technical expertise and outsource certain build-out functions and certain equipment maintenance functions.

Other income in the second quarter ended February 29, 2008 was $249,953 compared to an expense in the second quarter ended February 28, 2007 of $374,174. The increase in other income was the result of retaining a large portion of the proceeds from the Private Placement in interest bearing accounts during the second quarter ended February 29, 2008. Interest income generated on these funds and other cash balances was $156,714 in the second quarter ended February 29, 2008. The loss in the second quarter ended February 28, 2007 is due primarily to foreign exchange.

The net loss for the second quarter ended February 29, 2008 was $1,175,281 compared to $998,278 for the second quarter ended February 28, 2007. Although the operating loss for the second quarter ended February 29, 2008 was higher than the comparative period for Fiscal 2007, the overall net loss for the second quarter ended February 29, 2008 was partially offset by the increase in other income.

The loss per share (basic and diluted) of $0.02 per share remained consistent with the comparative period.

Results for the six months ended February 29, 2008 and February 28, 2007

Revenue declined slightly from $951,457 for the six months ended February 29, 2008 compared to $1,043,616 in the comparative period for 2007 as the Company continued to shift its focus away from its current offering of fixed-wireless digital television distribution business. This has resulted in declining revenues from digital television subscriptions.

Gross margin was $659,894 (69.4%) for the six months ended February 29, 2008 compared to $640,802 (61.4%) in the comparative period for 2007.

Operating expenses in the six month period ended February 29, 2008 were $3,977,421 compared to $2,092,618 in the six month period ended February 28, 2007. The large increase in operating expenses resulted from increased consulting, professional fees and administrative expenses associated with network build-outs and public company filing requirements and administrative matters.

Operating losses of $3,317,527 in the second quarter ended February 29, 2008 were significantly higher than operating losses of $1,451,816 in the comparative period as the Company continued to intensify its efforts in building WiMAX-enabled networks. The six month period ended February 29, 2008 included significantly higher professional fee expenditures due primarily to costs incurred by the Company's Greek operations in the first quarter and increased professional costs in both the first and second quarter associated with public company filings and administrative matters. Salaries and wages have increased slightly although salaries and wages have not increased proportionately with professional fees as the Company has preferred to outsource the start-up phase activities rather than internally employing the requisite skills. The Company has maintained similar personnel levels between the comparative periods although the Company has commenced hiring additional staff coinciding with the planned completion of network capabilities and the introduction of new services. The Company expects to develop its internal technical expertise and outsource certain build-out functions and certain equipment maintenance functions.

Other income in the six month period ended February 29, 2008 was $1,354,362 compared to an expense in the prior year period of $306,904. The increase in other income was the result of retaining a large portion of the proceeds from the Private Placement in interest bearing accounts during the six month period ended February 29, 2008. The net proceeds from the Private Placement were originally deposited into a Canadian dollar denominated account and thereafter certain of the funds were transferred to a US dollar denominated account which resulted in a significant foreign exchange gain. Interest income generated on these funds and other cash balances was $475,895. The loss in the second quarter ended February 28, 2007 is due primarily to foreign exchange.

The net loss for the six month period ended February 29, 2008 was $1,963,165 compared to $1,758,720 for the same period of Fiscal 2007. Other income, comprised of a large foreign exchange gain and significant interest income, offset the much higher operating losses in the six months ended February 29, 2008 such that the net loss in the six months ended February 29, 2008 was relatively similar to the overall net loss in the comparative period ended February 28, 2007 despite much lower operating losses in the comparative period.

The loss per share (basic and diluted) of $0.04 per share for the six month period ended February 29, 2008 remained consistent with the comparative period.

Year Ended August 31, 2007

	August 31, 2007 ($)	August 31, 2006 ($)
Sales	2,273,402	2,407,886
Cost of sales	752,112	936,615
Gross margin	1,521,290	1,471,271
Operating expenses	11,527,721	4,198,683
Loss from operations	10,006,431	2,727,412
Other income (expense)	621,906	(128,776)
Net loss	9,384,525	2,856,188
Loss per share (basic and diluted)	$ 0.316	$ 0.098

Revenue declined slightly from $2,273,402 in the year ended August 31, 2007 compared to $2,407,886 in the year ended August 31, 2006. The Company continued to shift its focus away from its current offering of fixed-wireless digital television distribution business.

Gross margin was $1,521,290 in the year ended August 31, 2007 compared to $1,471,271 in the year ended August 31, 2006. Gross margin as a percentage of sales was 67% in the year ended August 31, 2007 compared to 61% in the year ended August 31, 2006.

Operating expenses were $11,527,721 in the year ended August 31, 2007 compared to $4,198,683 in the year ended August 31, 2006. The substantial increase in operating costs resulted primarily from stock-based compensation expense of $5,705,903 and increased costs incurred in Greece as operations were established during Fiscal 2007.

Other income in the year ended August 31, 2007 of $621,906 was significantly higher than other loss of $128,776 in the year ended August 31, 2006. Other income in Fiscal 2007 was comprised primarily of foreign exchange gains and interest income. The Fiscal 2006 comparative period included significant foreign exchange losses.

For the year ended August 31, 2007, the net loss was $9,384,525 compared to $2,856,188 for the year ended August 31, 2006 resulting in a loss per share (basic and diluted) of $0.316 per share in the year ended August 31, 2007 compared to $0.098 per share in the year ended August 31, 2006.

4. SIGNIFICANT ACCOUNTING PRINCIPLES

This MD&A is made with reference to the Company's unaudited consolidated financial statements and notes thereto for the second quarter ended February 29, 2008 and the audited consolidated financial statements for the predecessor company to the Company for the year ended August 31, 2007, which have been prepared in accordance with Canadian GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the Company's financial statements, and the reported amount of revenues and expenses during the periods. These estimates are based on management's historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the reported amounts of revenues, expenses, assets and liabilities that are not readily apparent from other sources. Actual amounts could differ from these estimates.

The Company has identified the accounting policies and estimates that are critical to the understanding of the business operations and results in note 4 to the Company's unaudited consolidated financial statements for the second quarter ended February 29, 2008 and in note 3 to the Company's audited consolidated financial statements for the year ended August 31, 2008. During these periods there were no changes to significant accounting policies or internal controls.

5. LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Three and Six Months Ended February 29, 2008

The cash flow for the three months ended February 29, 2008 and February 28, 2007 is set out below:

	Three months ended February 29, 2008 ($)	Three months ended February 28, 2007 ($)
Cash provided by (used in) operating activities	(1,589,982)	(913,852)
Cash provided by (used in) financing activities	6,490,495	250,414
Cash provided by (used in) investing activities	(16,105,302)	(268,700)
Foreign exchange gain on cash held in foreign currency	—	—
Net increase (decrease) in cash and cash equivalents	(11,204,789)	(932,138)

	Six months ended February 29, 2008 ($)	Six months ended February 28, 2007 ($)
Cash provided by (used in) operating activities	(3,065,513)	(741,521)
Cash provided by (used in) financing activities	43,341,526	1,210,057
Cash provided by (used in) investing activities	(22,494,992)	(1,981,721)
Foreign exchange gain on cash held in foreign currency	1,051,460	—
Net increase (decrease) in cash and cash equivalents	18,832,481	(1,513,185)

Cash flow for the second quarter ended February 29, 2008 and February 28, 2007

Cash utilized by operating activities for the second quarter ended February 29, 2008 was $1,589,982 compared to cash utilized by operating activities of $913,852 in the comparative period in Fiscal 2007. Cash payments to suppliers were $1,784,169 in the second quarter ended February 29, 2008 compared to $498,908 in the second quarter of Fiscal 2007. The large increase in cash payments corresponds to an increase in network build-out activities. Cash receipts from customers in the second quarter ended February 29, 2008 was $460,661 compared to $143,245 in the comparative period in Fiscal 2007. Cash paid to employees was $383,993 in the second quarter ended February 29, 2008 and was $366,333 for the comparative period in Fiscal 2007. Interest paid during the second quarter ended February 29, 2008 was $67,909 and was $191,856 in the second quarter of Fiscal 2007. Interest received was $185,428 in the second quarter ended February 29, 2008 and was nil in the second quarter of Fiscal 2007. The large increase in interest received was the result of holding a large portion of the proceeds from the Private Placement received in the first quarter of Fiscal 2008 in interest bearing accounts.

Cash provided by financing activities for the second quarter ended February 29, 2008 was $6,490,495 compared to cash provided of $250,414 in the comparative period. On February 20, 2008, the Company entered into a promissory note agreement with a related party providing for the borrowing by the Company of $6,490,495 from such related party. The proceeds of this loan were used to repay the line of credit balance with UBS Bank USA.

Cash utilized by investing activities for the second quarter ended February 29, 2008 was $16,105,302 compared to cash utilized of $268,700 in the comparative period. Cash utilized for purchases of spectrum in the second quarter ended February 29, 2008 was $14,078,262 compared to nil in the comparative period. During the second quarter ended February 29, 2008, the Company participated in an auction for spectrum management rights to use 40 MHz of spectrum, in two separate lots, in the 2500-2520 and 2620-2640 MHz bands in the country of New Zealand for 1,186,875 New Zealand Dollars, which is the equivalent to CDN $900,838, plus $42,500 in expenses related to the auction. Total cash paid during the second quarter ended February 29, 2008 on the New Zealand spectrum purchase was $943,338. In addition to the New Zealand spectrum purchase, the final payment of $13,134,924 for the purchase of spectrum in Norway was made during the second quarter ended February 29, 2008. Cash utilized during the second quarter ended February 29, 2008 for purchasing property and equipment was $2,027,040 compared to $268,700 during the comparative period in Fiscal 2007.

Cash flow for the six months ended February 29, 2008 and February 28, 2007

Cash utilized by operating activities for the six months ended February 29, 2008 was $3,065,513 compared to cash utilized by operating activities of $741,521 in the comparative period in Fiscal 2007. Cash payments to suppliers were $3,451,520 in the six months ended February 29, 2008 compared to $601,202 in the six month comparative period. The large increase in cash payments corresponds to an increase in network build-out activities in Fiscal 2008. Cash receipts from customers in the six months ended February 29, 2008 was $922,530 compared to $917,118 in the comparative period. Cash paid to employees was $778,848 in the six months ended February 29, 2008 and was $749,873 for the comparative period in Fiscal 2007. Interest paid during the six months ended February 29, 2008 was $217,964 and was $307,754 in the six months ended February 28, 2007. Interest received was $460,289 in the six months ended February 29, 2008 and was $190 in the comparative period in Fiscal 2007. The large increase in interest received during the six months ended February 29, 2008 was the result of depositing a large portion of the proceeds from the Private Placement received in the first quarter of Fiscal 2008 in interest bearing accounts.

Cash provided by financing activities for the six months ended February 29, 2008 was $43,341,526 compared to cash provided of $1,210,057 in the comparative period. Cash provided by financing activities was comprised of the Private Placement proceeds of $40,005,000 less related transaction costs of $3,221,971 resulting in net cash of $36,783,029 related to the Private Placement transaction. The Company also received consideration of $68,002 from the exercise of stock options and advances from a related party of $6,490,495. In the comparative period ended February 28, 2007, cash provided by financing of $1,210,057 was from advances from related parties.

Cash utilized by investing activities for the six months ended February 29, 2008 was $22,494,992 compared to cash utilized of $1,981,721 in the comparative period. The significant payments in the six months ended February 29, 2008 were for the purchase of property and equipment of $2,318,333, purchase of spectrum licenses of $14,278,262 and repayment of advances to related parties of $5,898,397 compared to related party repayments of $1,327,136 in the first quarter of Fiscal 2007. Property plant and equipment purchases in the comparative period were $654,585.

During the six months ended February 29, 2008, the Company's results were impacted by the movement of foreign currencies and most notably by the strengthening of the Canadian dollar against the US dollar. The Company retained the net proceeds received from the Private Placement in a Canadian interest bearing account. Some of the funds were utilized to fund operating expenditures but a large portion remained in the Canadian interest bearing account until late in the first quarter of Fiscal 2008 at which time, $15,000,000 was transferred into a US dollar denominated interest bearing account. The conversion into US dollars resulted in a foreign exchange gain on cash held in a foreign currency of $1,051,460.

As at February 29, 2008, the Company has contractual obligations that require future payments as follows:

	2009 ($)	2010 ($)	2011 ($)	2012 ($)	Thereafter ($)	Total ($)
Operating leases	1,143,049	1,111,303	993,149	892,717	604,144	4,744,363

The working capital as at February 29, 2008 and February 28, 2007 is set out below:

	February 29, 2008 ($)	February 28, 2007 ($)
Current assets	14,511,194	1,189,314
Current liabilities	(10,145,212)	(29,907,765)
Working capital (deficiency)	4,365,982	(28,718,451)

Working capital at the end of the six months ended February 29, 2008 was $4,365,982 compared to a deficiency of $28,718,451 in the comparative period. The increase in liquidity is attributable to the funds received from the Private Placement. At February 29, 2008, current liabilities included a promissory note to a related party in the amount of $6,490,495 and at February 28, 2007, current liabilities included advances from related parties in the amount of $19,866,854. The Company is actively controlling its operating expenses on an ongoing basis. At February 29, 2008, the Company had sufficient working capital to meet the Company's immediate obligations.

Year Ended August 31, 2007

The cash flow for the year ended August 31, 2007 and 2006 is set out below:

	August 31, 2007 ($)	August 31, 2006 ($)
Cash provided by (used in) operating activities	(3,480,520)	(2,859,802)
Cash provided by (used in) financing activities	1,219,934	8,882,488
Cash provided by (used in) investing activities	130,340	(10,591,200)
Net increase (decrease) in cash and cash equivalents	(2,130,246)	(4,568,514)

Cash utilized by operating activities for the year ended August 31, 2007 was $3,480,520 compared to cash provided by operating activities of $2,859,802 in the comparative period in Fiscal 2006. The increase in cash payments corresponds to an increase in personnel due to the commencement of network build-out activities in Greece and an increase in interest paid.

Cash provided by financing activities for the year ended August 31, 2007 was $1,219,934 compared to cash provided of $8,882,488 in the comparative period. Cash provided by financing activities rose significantly during the year ended August 31, 2006, as related party financing was required to support the purchase of spectrum in Greece.

Cash provided by investing activities for the year ended August 31, 2007 was $130,340 compared to cash utilized of $10,591,200 in the comparative period which resulted primarily from the purchase of spectrum in Greece for $10,473,724. Property plant and equipment purchases in Fiscal 2007 were $829,303 compared to $117,476 in the comparative period.

As at August 31, 2007, the Company has contractual obligations that require future payments as follows:

	2008 ($)	2009 ($)	2010 ($)	2011 ($)	Thereafter ($)	Total ($)
Operating leases	476,360	457,199	454,679	367,191	299,929	2,055,358

The working capital for the first quarter periods ended August 31, 2007 and 2006 is set out below:

	August 31, 2007 ($)	August 31, 2006 ($)
Current assets	41,697,561	1,000,453
Current liabilities	(16,476,175)	(28,503,258)
Working capital	25,221,386	(27,502,805)

Working capital at the end of the year ended August 31, 2007 was $25,221,386 compared to a deficiency of $27,502,805 in the comparative period. The increase in liquidity is attributable to the funds received from the Private Placement. The Company is actively controlling its operating expenses on an ongoing basis. At August 31, 2007, the Company had sufficient working capital to meet the Company's immediate obligations.

Capital Resources and Sources of Revenue

CWS' primary business presently consists of the provision of digital television distribution and broadband access services, currently using fixed wireless technology that operates in the 2.5 GHz/2.6 GHz and 3.5 GHz frequency bands. CWS intends to expand its service offerings in these frequency bands by developing WiMAX-based portable/mobile communications services over WiMAX-enabled networks deployed by it. The Company plans to enhance its offering with premium services, such as VoIP and streamed multimedia, on both a fixed and portable/mobile basis. As the Company's new and enhanced WiMAX service offerings develop, the Company expects to phase out its legacy fixed wireless digital television distribution business.

Although it is anticipated that we will generate increasing revenues with its planned WiMAX-based portable/mobile communication services, the Company currently generates the majority of its revenues through the offering of digital television distribution and broadband Internet access services using its existing fixed wireless technology. The Company generated revenues of $482,745 for the second quarter ended February 29, 2008, a decrease of approximately 5% compared to the previous period in Fiscal 2007 with revenues of $509,096. For the six months ended February 29, 2008 revenues were $951,457 and for the comparative period in 2007, revenues were $1,043,616 for an overall decrease in revenue of 9%. The Company generated revenues of $2,273,402 for the year ended August 31, 2007 a decrease of approximately 6% compared to the previous period in Fiscal 2006 with revenues of $2,407,886.

Canada

The Company continues to explore the deployment of a WiMAX-enabled network in both Manitoba and British Columbia. The Company is considering its alternatives, including, deploying network technology in the medium term that could then be used to launch a consumer platform or form the basis of a wholesale arrangement with a service provider.

The exact timing and nature of such deployments remain undecided, and will be informed by a number of factors including technology development, regulatory developments and access to capital.

Greece

The Company has established a network operations center in Greece for the deployment of a WiMAX-enabled network and by the end of January, 2008 ten cell sites were established. The Company expects to have 18 active cell sites by the end of May, 2008. Equipment required to complete the 18 cell sites has been supplied to the Company by the end of March, 2008.

The Coachella Valley

The Company has placed an order with Alcatel for equipment with which the Company expects to deploy six WiMAX-enabled network sites in the Coachella Valley. We expect that operations will realize revenue commencing in the fourth quarter of 2008 (ending August 31, 2008). Originally it was expected that the Company would realize revenue in the third quarter of 2008, however, the Company has adjusted its projections to the first quarter of Fiscal 2009 due to the necessity to complete negotiations with Alcatel concerning the supply and services agreement. The Company has engaged a General Manager to oversee the deployment and commencement of operations in the region.

Norway and New Zealand

No revenues or operations are expected in the near future for these regions. Given the recentness of the acquisitions, the Company is still in the early stages of the process of planning the deployment of operations in these countries.

Liquidity and Capital Resources as at February 29, 2008 and for the year ended August 31, 2007

Three and Six Months Ended February 29, 2008

As at the end of the second quarter ended February 29, 2008, working capital of the Company was $4,365,982. This is as compared to a working capital deficit, after excluding restricted cash from the calculation, of $14,783,614 as of August 31, 2007 (of that $5,898,397 was related party debt). During Fiscal 2008, the Corporation was able to fund its operations through proceeds raised pursuant to the Private Placement of $40,005,000 by the Company that occurred in July and September, 2007. As well, the Company entered into a promissory note agreement with a related party which was used to repay the UBS Bank USA line of credit outstanding balance.

In addition to attractive terms from financial institutions for debt financing, the Board of Directors may also consider the benefits of a further offering of securities to the public in order to finance its planned capital expenditures and operations.

Year Ended August 31, 2007

As at the year ended August 31, 2007, the working capital of the Company was $25,221,386 (working capital deficit of $14,783,614 after excluding restricted cash from the calculation) compared to a working capital deficit of $27,502,805 as of August 31, 2006. During the year ended August 31, 2007, the Corporation was able to fund its operations through advances from related parties and increased in its loan facilities with UBS Bank USA, which had a balance of $6,924,996 at August 31, 2007.

Ongoing working capital requirements will be funded by capital proceeds raised pursuant to the Private Placement of $40,005,000 by the Company that was concluded in September, 2007.

6. TRANSACTIONS WITH RELATED PARTIES

Prior to the qualifying transaction, Predecessor CWS, the predecessor company to the Company, funded its operations primarily through loans and equity investments made by Manalta Investment Company Ltd. and its beneficial controlling shareholders, T. Boyd Craig, J. Drew Craig and S. Miles Craig (the controlling shareholders of the Company). All of these transactions were measured at the exchange amount. In connection with, and in accordance with the terms of the qualifying transaction, the Company advanced $5,898,397, as repayment for those loans, to Manalta Investment Company Ltd., T. Boyd Craig, J. Drew Craig and S. Miles Craig. On February 20, 2008 the Company entered into a promissory note agreement with T. Boyd Craig whereby Mr. Craig advanced $6,593,351 USD to the Company. The proceeds of this promissory note were used to repay the line of credit balance with UBS Bank USA. The term of the loan is for a period of 120 days and was entered into to provide the Company with time to find alternative financing on terms satisfactory to the Company. As at the end of the second quarter ended February 29, 2008, the Company had a related party balance outstanding of $6,490,495CDN plus accrued interest of $7,889.

7. CRITICAL ACCOUNTING ESTIMATES

Intangible assets

The Company holds several licenses or leases for spectrum, which are classified as long-lived assets and the Company assesses the estimated life of the asset based on the terms established at time of purchase or grant by the agency or governing body licensing the spectrum.

The Company purchased the Greek spectrum license from Europrom in December 2005. The license was awarded initially to Europrom in January 2001 by the National Telecommunications and Posts Committee (“**NTPC**”) in Greece for a term of 15 years. Under Greek law, the holder of a spectrum license in Greece has an automatic right of renewal at the expiry of each 15 year term. The Company has not recorded depreciation related to this license as the WiMAX-enabled network sites have not yet been fully integrated. It is the intent of the Company to automatically renew the license indefinitely; however the NTPC may require the Company to pay additional amounts at time of renewal. The amount of the payment has not been determined by the NTPC and there are not sufficient precedents to ascertain whether the renewal fees will be negligible or substantial.

It is the Company’s intention to amortize the cost of the Greek spectrum license over the remaining term of the spectrum license which is set to expire in January 2016. It is currently the Company’s intention to renew the Greek spectrum license at that time. The value of the Greek spectrum license is recorded at cost in the amount of €7,430,826 in the Company’s Greek subsidiary and if amortized over the remaining term would result in a quarterly expense of €232,200.

8. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Effective September 1, 2007, the Company adopted CICA Handbook Section 1530 “Comprehensive Income”, Section 3855 “Financial Instruments — Recognition and Measurement”, Section 3861 “Financial Instruments — Disclosure and Presentation”.

Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles. The Company adopted these standards prospectively; accordingly, comparative amounts for prior periods have not been restated.

Section 3855 prescribes when a financial asset, financial liability or non-financial instrument is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances.

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and, therefore, the comparative figures have not been restated. Upon adoption of these new standards, the Company has designated its financial instruments, as follows:

Financial Statement Item	Classification	Measurement
Cash	Held-for-trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Bank indebtedness	Other financial liabilities	Amortized cost
Accounts payable and accruals	Other financial liabilities	Amortized cost
Advances from related parties	Other financial liabilities	Amortized cost

All derivative instruments, including embedded derivatives, are recorded in the balance sheet and statement of operations and deficit at fair value unless exempted from derivative treatment as a normal purchase and sale. All changes in their fair value are recorded in operations.

The adoption of Section 1530 and 3855 had no impact on the opening deficit of the Company and consequently no adjustments were required.

Transaction costs

Transaction costs related to held-for-trading financial assets are expensed as incurred. Transaction costs related to loans and receivables and other financial liabilities are netted against the carrying value of the asset or liability and amortized over the expected life of the instrument using the effective interest method.

Financial Risk

Although we are confident in our controls, the Company has recently engaged a service provider to prepare a risk assessment of the Company. The engagement will commence in the third quarter.

Off-Balance Sheet Arrangements

As of February 29, 2008 and as of August 31, 2007, the Company had no obligations that are required to be disclosed as off-balance sheet arrangements.

Changes in Accounting Policies

For the period ended February 29, 2008 and for the Fiscal year ended August 31, 2007, there were no changes in accounting policies.

9. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company has designated cash, accounts receivables, bank indebtedness, accounts payables and accruals and advances from related parties as financial instruments under the standards established by Section 3861 of the CICA Handbook.

The Company operates internationally and is exposed to risk from foreign currency rates. The Company's objective is to minimize the earnings impact of foreign currency gains and losses associated with foreign exchange rate fluctuations.

Three and Six Months Ended February 29, 2008

The following balances disclosed in Canadian dollars as at the end of the second quarter ended February 29, 2008 included foreign denominated balances that were exchanged at the applicable closing rate referenced to the Canadian dollar:

	February 29, 2008 ($)
Cash	12,322,681
Accounts receivable	1,121,795
Bank indebtedness	—
Accounts payable and accruals	3,267,831
Advances from related parties	6,490,495

The following United States' of America dollars and Euro foreign denominated balances have been translated into Canadian dollars and included in the applicable Canadian dollar balances noted above:

	US $	€
Cash	2,696,069	389,951
Accounts receivable	—	705,262
Accounts payable and accruals	586,037	417,075
Advances from related parties	6,490,495	—

The Company has no derivative or hedging instruments in place as at February 29, 2008.

Year Ended August 31, 2007

The following balances disclosed in Canadian dollars as at the end of the year ended August 31, 2007 included foreign denominated balances that were exchanged at the applicable closing rate referenced to the Canadian dollar:

	August 31, 2007 ($)
Cash	415,196
Accounts receivable	1,171,536
Bank indebtedness	6,924,996
Accounts payable and accruals	3,252,227

The following United States of America dollars and Euros foreign denominated balances have been translated into Canadian dollars and included in the applicable Canadian dollar balances noted above:

	US $	€
Cash	5,050	302,589
Accounts receivable	—	1,079,187
Bank indebtedness	6,924,996	—
Accounts payable and accruals	623,834	70,673

The Company had no derivative or hedging instruments in place as at August 31, 2007.

10. OPERATING RISKS AND UNCERTAINTIES

See "RISK FACTORS" below.

RISK FACTORS

An investment in the Company should be considered speculative due to the nature of the business of the Company, the legal and economic climate in which the Company currently operates and the present stage of development of the Company's business. The following are certain risk factors which an investor should carefully consider. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Prospectus. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the business, financial condition, or liquidity and results of operations of the Company could be materially adversely affected.

Risk Factors Related to the Company's Business

Limited Operating History and Transition of Legacy Business

Although the Company believes that WiMAX-based networks and technology are well positioned to take advantage of the growing demand for broadband Internet services, such networks are not yet complete or fully operational. As such, there can be no assurance that such WiMAX-enabled networks will successfully meet this demand. In addition, the Company's experience in running such networks is limited, and the process of transitioning from the operation of the Company's legacy wireless broadband Internet services and legacy wireless digital television broadcasting distribution services is not yet complete. The ability of the Company to successfully complete this transition will depend on a number of factors including whether and the rate at which network equipment and subscriber devices based on the mobile/portable WiMAX standard are developed and deployed; delays in the delivery of equipment from suppliers necessary for the building of its networks; the Company's ability to develop and deploy its networks and expand its service offerings; the Company's ability to fund unanticipated costs associated with developing and maintaining its networks; the speed with which the

Company is able to develop new products and services that subscribers demand; the Company's ability to maintain prices at levels that are competitive with those offered by the other companies providing similar services; regulatory determinations regarding service coverage area; and the extent and speed with which alternative technologies that are introduced by competitors gain market acceptance. The Company currently is in the process of building-out its WiMAX-enabled network in certain regions where it operates. There can be no assurances that the Company will be able to successfully build-out a WiMAX-enabled network or attract subscribers for its broadband services. It is uncertain as to when, or if, mobile WiMAX technologies will be implemented or accepted by the consumer or if mobile/portable WiMAX will be competitive with other available technologies.

Going Concern

The Company's ability to continue as a going concern is dependent upon achieving and maintaining profitable operations and successful implementation of the Company's business strategy. The outcome of these matters cannot be predicted at this time. The Company cannot anticipate with certainty what its earnings, if any, will be in any future period. However, the Company's expects to incur significant net losses as it further expands its networks in new and existing markets, offers new services and pursues its business strategy.

The Company has recorded a net loss in each reporting period since its inception. At this stage of development the Company is subject to the following risks:

- results of operations may fluctuate significantly, which may adversely affect the value of an investment in shares of CWS;
- the Company may be unable to develop and deploy its network, expand its services, meet the objectives it has established for its business strategy or grow its business profitably, if at all; and
- the Company's network and related technologies may fail or the quality and number of services the Company is able to provide may decline if its network operates at maximum capacity for an extended period of time.

Lannet Agreement

The Company's short-term success with respect to in its operations in Greece, and the Company's revenues as a whole, are tied closely to its relationship with Lannet Communications pursuant to the Lannet Agreement (see "Our Business — Description of CWS' Markets — History, Current & Planned Business — Greece"). In the event that either the Company or Lannet are unable to fulfill their respective obligations under the Lannet Agreement, the Company's business, financial conditions and results of operations will be adversely affected.

Subscriber Retention and Acquisition

The cost to the Company of acquiring new subscribers to its services is substantial relative to the monthly fees that the Company will charge. Accordingly, the Company's long-term success depends on its ability to attract and thereafter retain new and existing subscribers. The Company has attempted and will continue to endeavor to ensure retention of its customer base by investing in its infrastructure and technical and subscriber support capabilities. It is relatively simple for the Company's subscribers to switch to competing broadband and television service providers. Any significant loss of subscribers or inability to attract new subscribers will adversely affect the Company's business, financial condition and results of operations in the future. The Company's revenue growth will largely be dependent upon its ability to attract and retain new subscribers. Although it is the intention of the Company to do so, there can be no assurance that the Company will be able to successfully implement or continue the sales and marketing activities planned or currently carried on by the Company and increase the rate of net subscriber additions. The failure to do so could adversely affect the Company's business, financial condition and results of operations in the future.

Limited Spectrum

The Company currently uses the 2.5GHz/2.6 GHz frequency band for its digital television distribution and broadband access services in Canada and the 3.5 GHz frequency band in Greece. Should the Company exceed its projected traffic volumes, it may not have sufficient spectrum to accommodate the increased traffic volumes using current compression technologies. Obtaining the necessary amount of licensed spectrum can be a lengthy and costly process that can require a disproportionate amount of the Company's resources. The Company may not be able to acquire, lease or maintain the spectrum necessary to execute its business strategy. In addition, the Company may expend significant resources to acquire spectrum, and discover the amount of spectrum actually acquired in certain markets is not adequate to deploy the appropriate network on a commercial basis in such markets. If the Company does not have sufficient spectrum, it could experience a loss of subscribers or it may not be able to attract new subscribers each of which would adversely affect the Company's business, financial condition and results of operations.

Dependence on Network Infrastructure

The Company's future success will depend, in part, on the capacity, reliability and security of its network infrastructure, including the equipment owned by the Company and that of its third party network providers. The Company will need substantial financial, operational and management resources to expand and adapt its network infrastructure to meet the needs of its subscribers and to accommodate the expanding amount and type of information they wish to transfer. The Company may not be able to expand or adapt its network infrastructure to meet additional demand or changing subscriber requirements either on a timely basis and at a commercially reasonable cost, or at all. If the Company does not maintain sufficient bandwidth capacity in its network connections, subscribers may experience a general slowdown of all services on the Internet. Similar problems may occur if the Company is unable to expand the capacity of its information servers for email, news and the Internet fast enough to keep up with demand from its expanding subscriber base. If the capacity of the Company's servers is exceeded, subscribers will likely experience delays when trying to use a particular service. While the Company's objective is to maintain excess capacity, the failure to expand or enhance its network infrastructure on a timely basis could materially adversely affect its business, financial condition and results of operations. The Company is also vulnerable to a loss in transmission capability of any tower which is placed into service as well as to the loss of the transmission facilities connecting its head ends to its towers.

Commitment to New Technology, Availability and Development of WiMAX Equipment and Performance of Equipment

The Company is in the process of and intends or may deploy mobile/portable WiMAX-enabled networks over spectrum for which it holds or leases licenses for. It is not possible to say with any certainty that commercial quantities of mobile/portable WiMAX equipment meeting the subscriber's or the Company's requirements will be available or that they will be successfully developed at all. Other competing technologies may be developed that have advantages over mobile WiMAX, and operators of other networks based on these competing technologies may be able to deploy their networks at a lower cost than that incurred in deploying a mobile WiMAX network, which may allow those operators to compete more effectively. Additionally, if other network operators do not adopt and deploy mobile/portable WiMAX, equipment manufacturers may be unwilling to invest the time and money necessary to develop infrastructure equipment and end user devices that meet the Company's business needs. Furthermore, the Company is depending on the widescale deployment of mobile/portable WiMAX networks to drive an adequate volume of demand needed to support reasonably priced equipment. As a result this may lead to problems acquiring new subscribers and dissatisfaction among the Company's existing subscribers, either of which would adversely impact the Company's business, financial condition and results of operations.

The Company currently depends, in part, on third parties to develop and deliver complex systems, software and hardware products and components for the Company's network in a timely manner, and at a high level of quality. Any inability to obtain timely deliveries of quality equipment, or any other circumstances that would require the Company to seek alternative suppliers, could adversely affect its ability to expand and maintain its networks. Any failure by third parties to meet these needs may impair the Company's ability to execute its business strategy and its ability to operate its business which could materially adversely affect the Company's business, financial condition and results of operations.

As mobile/portable WiMAX-enabled technology is a new and complex technology, the Company cannot be certain that third parties will be successful in their development efforts. Even if these parties are successful, the development process for mobile/portable WiMAX network components and subscriber equipment may be lengthy and subject to significant delays. If these third parties are unable to develop mobile/portable WiMAX network components and subscriber equipment on a timely basis that perform according to the Company's requirements, the Company may be unable to deploy mobile/portable WiMAX on its networks when expected, or at all. If the Company is unable to deploy mobile/portable WiMAX in a timely manner, it may be unable to execute its business strategy or meet its obligations to third parties and this could materially adversely affect the Company's business, financial condition and results of operations.

Additionally, mobile/portable WiMAX-enabled technology may not perform as expected and therefore the Company may not be able to deliver the quality or types of service it anticipates. The Company may also discover unanticipated costs associated with deploying and maintaining its networks or delivering the services it must offer in order to remain competitive. These risks could reduce the Company's subscriber growth, increase its costs of providing services or increase its churn. ("Churn" is an industry term used to measure the rate at which subscribers terminate service.)

Additional Funding

The Company's ability to achieve its strategic objectives will depend in part on the successful, timely and cost-effective build-out of the networks associated with the spectrum licenses and leases it has acquired. The continued growth and operation of the Company's business will require additional funding for working capital, debt service, the enhancement and upgrade of the Company's network, the build-out of infrastructure to expand the coverage area of the Company's services, possible acquisitions and possible bids to acquire additional rights to spectrum licenses. In addition, the Company must use a portion of our cash flows from operations and other available cash to make payments of principal and interest on our debt. This could thereby reduce funds that could be available for other purposes, such as working capital, the enhancement and upgrade of our network, the expansion of our networks into new markets, possible acquisitions and possible bids to acquire rights to spectrum licenses. The Company may be unable to secure such funding when needed in adequate amounts or on acceptable terms, if at all. To execute the Company's business strategy, the Company may issue additional securities in public or private offerings, potentially at a price lower than the market price at the time of such issuance. Similarly, the Company may seek additional debt financing and may be forced to incur significant interest expense. If the Company cannot secure sufficient funding it may be forced to forego strategic opportunities or delay, scale back or eliminate network deployments, operations, acquisitions, spectrum acquisitions and other investments which could have a material adverse affect on the Company's business, financial condition and results of operations.

Acquisitions, Investments and Other Strategic Transactions

The Company has entered, and may in the future enter, into strategic transactions, including strategic supply and service agreements and acquisitions of other assets and businesses. Any such transactions may be risky, may require a disproportionate amount of the Company's management and financial resources and may create unforeseen operating difficulties or expenditures, including:

- difficulties in integrating acquired technologies and operations into the Company's business while maintaining uniform standards, controls, policies and procedures;
- obligations imposed on the Company by counterparties in such transactions that limit its ability to obtain additional financing, its ability to compete in geographic areas or specific lines of business, or other aspects of its operational flexibility;
- increasing cost and complexity of assuring the implementation and maintenance of adequate internal control and disclosure controls and procedures, and of obtaining the reports and attestations required under the securities laws to which the Company will be subject to; and
- inability to predict or anticipate market developments and capital commitments relating to the acquired company, business or technology.

In addition, acquisitions of, and investments in, businesses organized outside Canada often can involve a number of risks, including:

- difficulties, as a result of distance, language, legal or culture differences, in developing, staffing and managing foreign operations;
- lack of control over the Company's equity investees and other business relationships;
- currency exchange rate fluctuations;
- longer payment cycles;
- credit risk and higher levels of payment fraud;
- foreign exchange controls that might limit the Company's control over, or prevent it from repatriating, cash generated outside Canada;
- potentially adverse tax consequences;
- expropriation or nationalization of assets;
- differences in regulatory requirements that may make it difficult to offer all of the services currently offered by the Company;
- unexpected changes in regulatory requirements;
- differences in foreign corporate law that have and may create additional administrative burdens and legal risks;
- increased management time and resources to manage overseas operations;
- trade barriers and import and export restrictions; and
- political or social unrest and economic instability.

The anticipated benefit of any of the Company's strategic transactions may never materialize. Future investments, acquisitions or dispositions, or similar arrangements could result in dilutive issuances of the Company's equity securities, the incurrence of debt, contingent liabilities or amortization expenses, or write-offs of goodwill, any of which could adversely affect the Company's financial condition. Any such transactions may require the Company to obtain equity or debt financing, which may not be available on favourable terms, or at all. The Company has experienced certain of these risks in connection with acquisitions and investments in the past, and the occurrence of any of these risks in the future may have a material adverse affect on the Company's business, financial condition and results of operations.

Maintenance of Spectrum Licenses

In order to offer its services both in Canada and internationally, the Company depends on its ability to acquire and maintain sufficient rights to use spectrum through the holding of licenses or long-term leases in each of the markets in which it operates or intends to operate. Using licensed or leased spectrum poses risks which may have a material adverse affect on the Company's business, financial condition and results of operations. The risks of licensing or leasing spectrum include:

- inability to satisfy build-out or service deployment requirements upon which the Company's spectrum licenses or leases are, or may be, conditioned;
- adverse changes to spectrum allocations or regulations governing the Company's spectrum rights, including moratoriums on spectrum licensing in certain radio frequency bands and claw backs of existing spectrum (including pursuant to the Policy Notice);
- inability to use the spectrum that the Company has acquired or leased due to interference from licensed or unlicensed operators in the Company's band or in adjacent bands;
- refusal by one or more foreign licensing authorities to recognize the Company's acquisition or lease of spectrum licenses from others or its investments in other license holders;

- inability to offer new services or to expand existing services to take advantage of new capabilities of the Company's network resulting from advancements in technology due to policies or regulations governing the Company's spectrum rights;
- inability to control leased spectrum due to contractual disputes with, or the bankruptcy or other reorganization of, the license holders;
- failure of regulators to renew the Company's spectrum licenses as they expire and failure by the Company to obtain extensions or renewals of spectrum licenses and leases before they expire; and
- potentially significant increases in spectrum prices, because of increased competition for the limited supply of licensed spectrum both in Canada and internationally.

On March 30, 2006, Industry Canada published the Policy Notice. In the Policy Notice, Industry Canada stated that it intended to harmonize the 2.5/2.6 GHz band with the U.S. band plan and that it will carry out another round of consultations to clarify band plan implementation and timing matters. Until this consultation process has been completed, the Policy Notice allows the Company to continue operating as an MDS BDU in its licensed serving areas until August 2011. However, if the Company wishes to apply to Industry Canada for permission to use two way mobile broadband services in the 2.5/2.6 GHz band, the Policy Notice indicates that the Company will be required to return one-third of its spectrum in each of the areas in Manitoba and British Columbia where it is currently licensed.

In February 2008, CWS filed an application with Industry Canada, in accordance with the terms of the Policy Notice, seeking spectrum licenses that would allow it to provide mobile WiMAX-enabled services in several primary and secondary markets in British Columbia, including Vancouver, Victoria, Chilliwack, Abbotsford, Kelowna, Penticton, Squamish/Whistler and Vernon. CWS intends to file a similar application with Industry Canada seeking spectrum licenses to provide mobile WiMAX-enabled services in the province of Manitoba once Industry Canada approves CWS' application to provide mobile WiMAX-enabled services in British Columbia.

There can be no assurance that Industry Canada will grant the spectrum licenses requested by CWS in its pending and planned license applications or that Industry Canada will grant such licenses on the same terms and conditions or in the same geographic coverage areas of British Columbia and Manitoba as requested by CWS. The grant of such licenses could also be delayed by additional consultations or regulatory proceedings or other events beyond CWS' control. Industry Canada has not finalized the criteria that it will apply to the licensing of mobile spectrum operators in the 2.5/2.6 GHz band. As such, CWS may not receive licenses in all of the regions of British Columbia where it has applied to provide mobile WiMAX-enabled services. Failure on the part of CWS to obtain some or all of the licenses that it has applied for in a timely fashion (or at all) could have a material adverse affect on CWS' business plans, financial conditional and results of operations.

Industry Canada's Policy Notice also states that the Department intends to use a spectrum auction as a means of licensing this returned spectrum and that it will initiate a public consultation as soon as possible to establish the policy framework for licensing spectrum in the band. It is anticipated that CWS may bid on this and other returned spectrum in the spectrum auction to be conducted by Industry Canada, if and when it occurs. To date, no such consultation has been initiated.

Subsequent to the release of its Policy Notice, Industry Canada advised the CRTC on September 27, 2006 that it will not consider renewing any broadcasting certificates for any MDS licenses beyond 2011 until the next round of consultations referenced in its Policy Notice clarifies the timing for the implementation of mobile service and the new band plan in the 2.5/2.6 GHz band.

Leased Spectrum.

To offer our services using licensed spectrum in the United States, we depend on our ability to maintain sufficient rights to use spectrum through long-term leases in the Coachella Valley. If we are unable to maintain and/or renew the lease agreements with the EBS licensees in the Coachella Valley we will be unable to continue to provide service. Using leased spectrum, poses additional risks to CWS, including: adverse changes to regulations governing the spectrum; inability to use a portion of the spectrum we have leased due to interference from operators in the 2.5/2.6 GHz band or adjacent bands; refusal by the FCC to recognize our leases of spectrum; inability to control leased spectrum due to contractual disputes with the license holders; and failure of the FCC to renew the underlying spectrum licenses as they expire and failure to obtain extensions or renewals of spectrum leases on acceptable terms before they expire.

Proprietary Rights

The Company believes that its success will be primarily a function of its customer service, technical expertise and the execution of its business strategies. The Company's ability to compete will depend, in part, upon its technology and proprietary rights. The Company relies on a combination of copyright, trademark and trade secret laws, and contractual restrictions to establish and protect its technology. CWS has adopted a Code of Business Conduct and Ethics requiring employees to protect proprietary and confidential information and consultants are required to execute confidentiality agreements prior to the commencement of their services. However, the Company cannot provide any assurances that the steps it has taken or proposes to take will be adequate to prevent misappropriation of its technology or that its competitors will not independently develop technologies that are substantially equivalent or superior to the Company's technology. The enforcement of the Company's intellectual property rights may depend on any legal actions that the Company undertakes against such infringers being successful, but there cannot be any assurance that any such actions will be successful, even when our rights have been infringed. If such actions are not successful, the Company's business, financial condition and results of operations could be adversely affected.

Although the Company does not believe that the software or the trademarks it uses or any of the other elements of its business as currently conducted infringe on the proprietary rights of any third parties, third parties may assert claims against the Company for infringement of their proprietary rights and these claims may be successful. The Company may incur substantial costs and diversion of management resources in the defence of any claims relating to proprietary rights, which could materially adversely affect its business, financial condition and results of operations. Parties making these claims could secure a judgment awarding substantial damages as well as injunctive or other equitable relief that could effectively block the Company's ability to sell, lease or license its products. Such a judgment could have a material adverse affect on the Company's business, financial condition and results of operations. If a third party asserts a claim against the Company relating to intellectual property, the Company may seek to license the intellectual property from the third party. The Company cannot be certain, however, that third parties will extend licenses to it on commercially reasonable terms, or at all. If the Company fails to obtain the necessary licenses or other rights, it could materially adversely affect the Company's business, financial condition and results of operations.

Service Interruptions or Failure of Networks

The Company has experienced service interruptions in some markets in the past and may experience service interruptions or network failures in the future on its current networks or on any WiMAX-enabled network it intends to build-out. Any service interruption adversely affects the Company's ability to operate its business and could result in an immediate loss of revenues. If the Company experiences frequent or persistent system or network failures, its reputation and brand could be permanently harmed. The Company may be required to make significant capital expenditures in order to increase the reliability of its systems. The Company may not have the funds to do so or these capital expenditures may not achieve the results expected.

The services provided by the Company depend on the continuing operation of its information technology and communications systems. Any damage to or failure of these systems could result in interruptions in the services provided by the Company. Interruptions in the Company's service could reduce its revenues and profits, and its brand could be damaged if people believe the Company's network is unreliable.

The Company's systems are vulnerable to damage or interruption from earthquakes, terrorist attacks, floods, fires, power loss, telecommunications failures, computer viruses, computer denial of service attacks or other attempts to harm its systems, and similar events. Some of the Company's systems are not fully redundant, and disaster recovery planning may not be adequate. The occurrence of a natural disaster or unanticipated problems at the Company's network centers may result in lengthy interruptions in the Company's service and adversely affect the Company's business and operating results.

Reliance on Key Personnel

The Company's future success depends largely on the expertise and reputation of certain key personnel and the members of its senior management team. In addition, the Company intends to hire additional qualified individuals to staff its operations in Canada and internationally in order to assist in the implementation of CWS' business plan and proposed operations. Loss of any of its key personnel or the inability to recruit and retain qualified individuals could adversely affect the Company's ability to implement its business strategy and operate its business.

Furthermore, in order to introduce the Company's services in new markets and to grow its business in existing markets, the Company relies and will rely on general managers in each region to not only develop the customer base but to attract sales and support staff. If the Company cannot hire, train and retain motivated and well qualified individuals to serve as general managers in all of its markets, the Company will also have difficulties in attracting, recruiting and retaining various sales and support personnel in those markets, which may lead to difficulties in growing the Company's business and operations.

VoIP Services

The Company intends to develop and offer VoIP telephony as a value added service with its wireless broadband Internet service and intends to make VoIP services available to the market within 12 months of the network completion in any given area. VoIP telephony services differ from traditional phone service in several respects, including:

- subscribers may experience lower call quality than they may experience with the voice services of traditional wireline telephone companies, including static, echoes and transmission delays;
- subscribers may experience higher dropped-call rates than they may experience with the voice services of traditional wireline telephone companies; and
- a power loss or Internet access interruption may cause the VoIP telephony service to be interrupted.

If subscribers do not accept the differences between the VoIP telephony services anticipated to be offered by the Company and those offered by traditional telephone companies, they may not adopt or retain the Company's VoIP telephony services or its other services, or may choose to retain or return to the services provided by traditional telephone companies.

Additionally, the emergency calling capabilities of VoIP telephony services are significantly more limited than the emergency calling services offered by traditional telephone companies. When emergency calls are made using both traditional telephone service and VoIP telephony services, only the location information that the subscriber has registered with his or her service provider is transmitted to a dispatcher at a PSAP. However, because VoIP services are portable, the actual location at the time that the call is made may be different than the location information that the subscriber has registered with the Company. As a result, if subscribers fail to properly register or update their registered locations, the appropriate PSAP may not be reached by the emergency calling system or callers may experience delays, or even failures in the receipt of emergency assistance. The Company's failure to develop or operate an adequate emergency calling service could subject it to substantial liabilities and may result in delays in subscriber adoption of the Company's VoIP telephony service or other services, abandonment of the Company's services by subscribers, and litigation costs, damage awards and negative publicity, any of which could adversely affect the Company's business, financial condition or results of operations.

Furthermore, since the Company must interconnect with other service providers for the termination of its VoIP customers' calls, any potential changes by the CRTC, Industry Canada, or other regulatory authorities that have jurisdiction over the Company, to current intercarrier compensation mechanisms or other intercarrier arrangements could result in significant changes to the costs of providing VoIP telephony service, thereby eliminating pricing benefits between VoIP telephony services and traditional telephone services and potential profitability.

Dependence on Branding

Creating, maintaining and enhancing the Company's brands will require substantial investment with no assurance that such investment will be successful. If the Company fails to create, promote and maintain a successful brand, or it incurs significant expenses in this effort, its business, operating results and financial condition may be harmed. The Company anticipates that creating, maintaining and enhancing a brand will become increasingly important, difficult and expensive with no assurance of its success.

Foreign Activities

The Company holds spectrum licenses or leases spectrum outside of Canada through its subsidiaries in the United States, Greece, Norway and New Zealand. The Company intends to continue to pursue opportunities in certain international markets through acquisitions and strategic alliances. In such markets, the Company faces different social, economic and political environments than those which it faces in Canada, particularly with respect to competition. In addition, the Company has only recently begun to assemble a management team dedicated to addressing its international business operations. As a result, the Company's activities outside of Canada may require a disproportionate amount of its management and financial resources, which could disrupt the Company's operations and adversely affect its business, financial condition or results of operations.

The Company may seek to acquire new spectrum licenses in markets around the world. Should the Company expand internationally, foreign governmental authorities may own or control the incumbent telecommunications companies operating under their jurisdiction. Established relationships between foreign governmental authorities and their incumbent telecommunications providers can create barriers to entry by third parties into the markets served by these carriers. The successful expansion of the Company's international operations in some markets may depend on its ability to locate, form and maintain strong relationships with established local telecommunications services and equipment providers. Failure to establish these relationships or to market or sell the Company's products and services successfully could limit its ability to attract customers for the services offered by the Company which could adversely affect the Company's business, financial condition or results of operations.

Operating Results and Fluctuations in Financial Results

The Company's future success depends on a number of factors, many of which are beyond its control. Some of the Company's operating expenses will be incurred based on its expectations of future revenue. If revenue is less than expected, the Company may not be able to reduce expenses proportionately, in which case its operating results, cash flows, and liquidity would be adversely affected. The Company's operating results, cash flows and liquidity may fluctuate significantly in the future due to other factors beyond its control, including: the speed with which it is able to acquire new subscribers and customers for its services; the cost of acquiring new subscribers, customers and spectrum rights; the impact of increased depreciation and amortization from acquisitions; delays in the delivery of equipment from suppliers necessary for build-outs of its networks; the cost of improving its business and expanding its operations; the speed with which it is able to develop new products and services that subscribers and customers demand; its prices in comparison to those of its competitors; the market acceptance of its new and enhanced products and services; the rate of increase of its operating expenses; the nature of any changes in its strategy; its loss of any key employees; the extent and speed with which alternative technologies that are introduced by competitors gain market acceptance; changes in laws and regulations which affect the Company's business; the general weakening of the economy resulting in a decrease in demand for telecommunication services and the extent to which it experiences increased competition.

Security Breaches

The Company's network security and the authentication of its subscriber credentials are designed to protect unauthorized access to data on the Company's networks. As a result of techniques used to obtain unauthorized access to or to sabotage networks changing frequently, the Company may not be able to recognize such unauthorized access or sabotage and may be unable to anticipate or implement adequate preventive measures against unauthorized access or sabotage. Consequently, unauthorized parties may overcome the Company's networks security and obtain access to data on the Company's networks. In addition, because the Company operates and controls its networks and its subscribers' Internet connectivity, unauthorized access or sabotage of its network could result in damage to the Company networks and to the computers or other devices used by subscribers. An actual or perceived breach of network security, regardless of responsibility, could harm public perception of the effectiveness of the Company's security measures, adversely affect its ability to attract and retain subscribers and customers, expose it to significant liability and adversely affect the Company's business, financial condition or results of operations.

Economic and Geopolitical Factors

The market for the Company's services depends on economic and geopolitical conditions affecting the broader market. Economic conditions globally are beyond the Company's control. In addition, acts of terrorism and the outbreak of hostilities and armed conflicts between countries can create geopolitical uncertainties that may affect global and regional economies. Downturns in the economy or geopolitical uncertainties that may reduce demand for our services could have a material adverse effect on our business, results of operations and financial condition.

Risk Factors Related to the Industry

Evolving Technology

The broadband services industry is characterized by rapid technological change, competitive pricing, frequent new service introductions, evolving industry standards and changing regulatory requirements. For example, the Company's planned deployment of mobile/portable WiMAX-enabled networks depends on the development of network equipment and subscriber devices based on the mobile/portable WiMAX standard. Each of these development efforts faces a number of continuing technological and operational challenges. The Company believes that its success depends on its ability to anticipate and adapt to these and other challenges and to offer competitive services on a timely basis. The Company faces a number of difficulties and uncertainties associated with its reliance on future technological development which could adversely affect the Company's business, financial condition or results of operations, such as:

- existing service providers may use more traditional and commercially proven means to deliver similar or alternative services;
- new service providers may use more efficient, less expensive technologies, including products not yet invented or developed;
- consumers may not subscribe to the services provided by the Company;
- the services provided by the Company may become obsolete;
- the Company may not be able to realize economies of scale;
- the Company may be unable to respond successfully to advances in competing technologies in a timely and cost-effective manner; and
- proposed or undeveloped technologies may render the Company's existing or planned services less profitable or obsolete.

In addition, the Company is at risk that the way customers access the Internet may change fundamentally. As the Internet becomes accessible through high-speed telephone lines, cable television modems and wireless products, televisions and other consumer electronic devices, or as subscriber requirements change the way Internet access is provided, the Company must offer new technology or modify its existing technology to accommodate these developments. The Company will have to continue modifying and expanding the means by which it delivers services. The Company's ability to offer new forms of Internet access to its subscribers may depend on its ability to negotiate agreements with other companies and, therefore, may be very limited. The Company's pursuit of technological advances requires substantial investment of personnel and financial resources and the Company may not succeed in adapting its Internet access business to new access devices and conduits which could adversely affect the Company's business, financial condition or results of operations.

Highly Competitive Markets

The markets for Internet access and television distribution are very competitive. The Company believes that its ability to compete successfully depends upon a number of factors, including: market presence and acceptance; access to capital; availability of equipment from suppliers necessary for build-outs of its networks; ability to expand and upgrade its wireless broadband communications networks; the offering and pricing policies of its competitors and suppliers; the timing of introduction of new products and services by the Company and its competitors and suppliers; the Company's ability to support industry standards; and industry and general economic trends.

The Company's Internet competitors include many large companies that have substantially greater market presence and financial, technical, marketing, and other resources. In addition, many of the markets that the Company enters are served by numerous small Internet service providers, many of which have loyal subscriber bases. The Company believes that new competitors, including large computer hardware and software, media, and telecommunications companies, will continue to enter the Internet access and business services markets. As consumer awareness of the Internet grows, existing competitors are likely to further increase their emphasis on their Internet access and business services, resulting in even greater competition for the Company. In addition, telecommunications companies are offering customers bundled telecommunications and Internet access and business services. The ability of the Company's competitors to acquire other ISPs, to enter into strategic alliances or joint ventures or to bundle other services and products with Internet access or business services could also put the Company at a significant competitive disadvantage. The Company believes that broadband technologies will become the preferred means of accessing the Internet. The Company's ability to compete with the owners of broadband networks may, therefore, depend on future regulation including guaranteed access to the broadband networks of others, and its ability to roll out and market its wireless high-speed Internet access products and services. If the Company is unable to do so, its business, financial condition and results of operations could be materially adversely affected.

Many of the Company's competitors have greater market presence, engineering and marketing capabilities and financial, technological and personnel resources than those available to the Company. They may be able to develop and expand their communications network infrastructure more quickly, adapt more swiftly to new or emerging technologies and changes in customer requirements, take advantage of acquisition and other opportunities more readily, and devote greater resources to the marketing and sale of their products and services than can the Company. As a result of the highly competitive television distribution and Internet services markets, the Company may not be able to achieve the market share that it expects to achieve.

Additionally, other persons or governments hold spectrum rights that could be made available for lease or sale. The availability of additional spectrum in the marketplace could change the market value of spectrum rights generally and, as a result, may adversely affect the value of the Company's spectrum assets.

Competitors

The market for broadband and related services is highly competitive and the Company competes with several other companies within each of its markets. Many of the Company's competitors are well established with larger and better developed networks and support systems, longer-standing relationships with customers and suppliers, greater name recognition and greater financial, technical and marketing resources than the Company. Certain competitors of the Company may subsidize competing services with revenue from other sources and, thus, may offer their products and services at prices lower than the Company's. The Company's competitors may also reduce the prices of their services significantly or may offer broadband connectivity packaged with other products or services. The Company may not be able to reduce its prices or otherwise combine its services with other products or services, which may make it more difficult to attract and retain subscribers. The competitors of the Company include:

- cable operators offering high-speed Internet connectivity services and voice communications;
- incumbent and competitive local exchange carriers providing DSL services over their existing wide, metropolitan and local area networks;

- 3G cellular, PCS and other wireless providers offering wireless broadband services and capabilities, including developments in existing cellular and PCS technology that may increase network speeds or have other advantages over the Company's services;
- Internet service providers offering dial-up Internet connectivity;
- municipalities and other entities operating Wi-Fi networks, some of which are free or subsidized;
- providers of VoIP and other telephony services;
- wireless Internet service providers using licensed or unlicensed spectrum;
- satellite and fixed wireless service providers offering or developing broadband Internet connectivity and VoIP telephony;
- electric utilities and other providers offering or planning to offer broadband Internet connectivity over power lines; and
- resellers providing wireless Internet or other wireless services using infrastructure developed and operated by others.

The Company expects other existing and prospective competitors to adopt technologies or business plans similar to its business plan, or seek other means to develop services competitive with the Company, particularly if the Company's services prove to be attractive in target markets. There can be no assurances that there will be sufficient customer demand for services offered over mobile/portable WiMAX-enabled networks in the same markets to allow multiple operators, if any, to succeed. If sufficient demand for services offered over mobile/portable WiMAX-enabled networks does not exist, it would have a material adverse affect on the Company's business, financial condition and results of operation.

Growth in New and Uncertain Markets

The Company's success will depend, in part, upon the development and expansion of its high-speed Internet and other broadband data services and use of the Internet in general. If such markets fail to grow, grow more slowly than anticipated, or become saturated with competitors, the Company's business, financial condition and results of operations could be adversely affected.

Regulation and Governmental Control

The Company's business and operations, including its activities relating to the acquisition, lease, maintenance and use of spectrum licenses are extensively regulated by national, local and foreign governmental entities. These laws and their application are subject to continual change as new legislation, regulations or amendments to existing regulations and spectrum policies are adopted from time to time by governmental or regulatory authorities, including changes as a result of administrative, regulatory and judicial interpretations of such laws and regulations.

In addition, a number of federal, provincial, state and local and foreign privacy, security and consumer laws apply to the Company's business. Regulatory authorities may in the future restrict the Company's ability to manage subscribers' use of the Company's network, thereby limiting the Company's ability to prevent or manage bandwidth demand by its subscribers. To maintain the quality of its network and user experience, the Company limits the bandwidth used by its subscribers' applications, in part by restricting the types of applications that may be used over the Company's network. Some providers and users of these applications have objected to this practice. In Canada, the CRTC is currently considering this issue in the context of two separate regulatory proceedings. If governments or regulatory authorities adopt regulations that constrain the Company's ability to employ bandwidth management practices, excessive use of bandwidth-intensive applications would likely reduce the quality of the Company's services for all subscribers. A decline in the quality of its services could harm the Company's business, financial condition and results of operations.

Should the Company expand into additional international markets, it may require a license for the use of regulated radio frequencies from national or local regulatory authorities before providing its services. Where required, regulatory authorities may have significant discretion in granting the licenses and in determining the conditions for use of the frequencies covered by the licenses, and are often under no obligation to renew the licenses when they expire. Additionally, even where the Company currently holds a license or successfully obtains a license in the future, it may be required to seek modifications to the license or the regulations applicable to the license to implement the business strategy of the Company.

The breach of a license or applicable law, even if inadvertent, can result in the revocation, suspension, cancellation or reduction in the term of a license or the imposition of fines. In addition, regulatory authorities may grant new licenses to third parties, resulting in greater competition in territories where the Company already has rights to licensed spectrum. In order to promote competition, licenses may also require that third parties be granted access to the Company's bandwidth, frequency capacity, facilities or services.

In addition, the Company may not be able to obtain or retain any required license, and it may not be able to renew its licenses on favourable terms, or at all.

Regulation of the Internet

Regulation of the Internet and the content transmitted through that medium is a topic that receives considerable political discussion from time to time, from both a "pro-regulation" and an "anti-regulation" perspective, including discussions on whether all Internet traffic should be delivered equally. It is unclear as to what impact decisions made on either side of this issue by various political and governing bodies could have on the Company and its business or on the ability of the Company's customers to utilize its services. Changes in how the Internet is regulated could adversely affect the business, financial condition and results of operation of the Company.

Rules Relating to Canadian Ownership and Control are Subject to Interpretation and Change

The Company is subject to foreign ownership restrictions imposed pursuant to the Direction to the CRTC, the *Telecommunications Act* (Canada) and the *Radiocommunication Act* (Canada) and regulations made pursuant to these Acts. There can be no assurance that a future determination by the CRTC or Industry Canada, or events beyond the Company's control, will not result in the Company ceasing to comply with the relevant legislation. If such a development were to occur, the ability of the Company to operate as a broadcasting distribution undertaking under the *Broadcasting Act* (Canada), as a telecommunications common carrier under the *Telecommunications Act* (Canada) and as a radiocommunication carrier under the Radiocommunication Regulations (Canada) or to maintain, renew or secure its Canadian licenses and authorizations could be jeopardized which may adversely affect the Company's business, financial condition and results of operations.

Risk Factors Relating to the Subordinate Voting Shares and the Offering

The Craig Family exercises Control over the Company

Manalta, J. Drew Craig, T. Boyd Craig and S. Miles Craig beneficially control all of the Multiple Voting Shares. Each holder of a Multiple Voting Share is entitled to 200 votes per share. Accordingly, the Craig family controls over **[● %]** of the votes of CWS and exercises control over the business and affairs of CWS and shall have the power to determine all matters submitted to a vote of shareholders of CWS where the Multiple Voting Shares and Subordinate Voting Shares vote together as a single class, including the election of directors and the approval of significant corporate transactions such as certain amendments to the articles of CWS, the sale of all or substantially all of CWS' assets and certain business combinations involving CWS. The interests of the Craig family may differ from the interests of the other holders of the Subordinate Voting Shares. Furthermore, the controlling influence of the Craig family could have the effect of deterring or preventing a change in control of CWS that might otherwise be beneficial to the CWS' other shareholders.

Certain Terms and Provisions of the CWS Shares Limit the Rights of Holders Thereof

Certain restrictions on shareholdings and powers granted to the directors of CWS are included in the Articles to ensure that CWS complies with regulatory requirements that limit the ownership or control by Non-Canadians of companies that operate in the broadcasting and telecommunications industries in Canada. These include restrictions on the holding or transfer of, or conversion into, voting shares by Non-Canadians. In addition, the directors of CWS have the right to limit the voting or cause the disposition, redemption or repurchase of voting shares of CWS in certain instances.

Share Price

The price of the Subordinate Voting Shares may not be representative of the price that will prevail in the open market. Further, the market price of the Subordinate Voting Shares may be volatile and could be subject to wide fluctuations due to a number of factors, including: actual or anticipated fluctuations in the Company's results of operations; announcements of technological innovations or new services by the Company or its competitors and the timing to roll-out those innovations or services; quality deficiencies in technologies or services; and changes affecting the telecommunications industry.

Dilution

The price of the Subordinate Voting Shares will significantly exceed the net tangible book value per share of the Subordinate Voting Shares. Accordingly, a purchaser of Subordinate Voting Shares in this Offering will incur immediate and substantial dilution of their investment.

The issuance of a significant amount of additional Subordinate Voting Shares would result in dilution to existing shareholders and could reduce any earnings per share, which in turn could negatively affect the market price of the Subordinate Voting Shares.

Use of Proceeds

The Company will have broad discretion in how it uses the net proceeds from this Offering, and there can be no assurance that such proceeds will be used efficiently or effectively. The Company may spend these proceeds in ways that do not increase the operating results or market value of the Company, which would adversely affect our business, results of operations and financial condition. While the Company currently anticipate that it will use the net proceeds of this Offering received by us as described under "Use of Proceeds", management may re-allocate the net proceeds as it determines is necessary.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not currently involved in any legal or regulatory proceedings that are material either individually or in the aggregate and, to the Company's knowledge, no legal or regulatory proceedings of a material nature involving the Company are currently contemplated by any individuals, entities or government authorities.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Interest of Management and Others

Within the three years before the date of this prospectus, the Company entered into the following transactions in which management had an interest:

- Subsequent to a series of internal transactions, on May 31, 2005 the then existing Craig group of companies underwent an internal reorganization whereby Predecessor CWS purchased all of the issued and outstanding shares of Craig Wireless Manitoba Inc., Craig Wireless British Columbia Inc. and Craig Wireless Palm Springs Inc. from Manalta in exchange for shares in Predecessor CWS. Predecessor CWS immediately then sold the shares of Craig Wireless Manitoba Inc. and Craig Wireless British Columbia Inc. to Craig Wireless Canada Inc. and sold the shares of Craig Wireless Palm Springs Inc. to Craig Wireless USA Inc. in exchange for all the issued and outstanding shares in each respective purchaser.
- In February, 2008, Craig Wireless Palm Springs Inc. ("**CWPS**"), a subsidiary of the Company, executed a promissory note in favour of T. Boyd Craig in replacement of a previously existing loan from UBS Bank USA to CWPS (the "**UBS Loan**") that was previously personally guaranteed by T. Boyd Craig. The loan by T. Boyd Craig (the "**Loan**") is for the same principal sum of the UBS Loan, being U.S. $6,593,351.29,

and is upon terms substantially similar to the UBS Loan. The Loan matures on July 18, 2008 and it is expected that the Loan will be renegotiated at that time on terms consistent with prevailing market terms on or before that date. The Company will not use the proceeds of the Offering to repay the Loan.

- Predecessor CWS issued to Bruce Rothney 300,000 options exercisable for Subordinate Voting Shares of the Company at an aggregate exercise price of $1.00 which were exercised September 1, 2007 and 200,000 options exercisable for 200,000 subordinate voting shares of the Company at an exercise price of $3.50 per share which were exchanged for 200,000 Subordinate Voting Shares at an exercise price of $3.50 per share on September 1, 2007.
- Predecessor CWS issued to each of T. Boyd Craig and J. Drew Craig: (i) 1,000,000 options exercisable for 1,000,000 multiple voting shares of Predecessor CWS at an exercise price of $3.50 per share which were exchanged for 1,000,000 options exercisable for 1,000,000 Multiple Voting Shares at an exercise price of $3.50 per share on September 1, 2007; and (ii) 350,000 options exercisable for 350,000 subordinate voting shares of Predecessor CWS at an exercise price of $3.50 per share which were exchanged for 350,000 options exercisable for 350,000 Subordinate Voting Shares at an exercise price of $3.50 per share on September 1, 2007.
- Predecessor CWS issued to Gordon Johannson 342,857 options exercisable for subordinate voting shares of Predecessor CWS at an aggregate exercise price of $1.00 which were exercised September 1, 2007.
- Predecessor CWS issued to Manalta 3,357,169 multiple voting shares in Predecessor CWS on July 30, 2007, in satisfaction of approximately $11,750,000 debt owing to Manalta in connection with the purchase of CWS' assets in Greece.
- Predecessor CWS issued to Manalta 6.864 common shares of Predecessor CWS on July 30, 2007 (prior to the share capital reorganization), in satisfaction of approximately $3,516,960.20 debt owing to Manalta.

Syndicate Agent's Commission

Bruce Rothney, a director of the Company, is a Deputy Chairman of RBC Capital Markets. The syndicate of Agents for the Offering includes RBC Capital Markets and as such RBC Capital Markets will be entitled to receive a 6% agency fee for its services.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Meyers Norris Penny LLP, 500 - 1661 Portage Avenue, Winnipeg, Manitoba R3B 3T7. The transfer agent for the Subordinate Voting Shares in Canada is Equity Transfer & Trust Company at its principal offices in Toronto, Ontario.

MATERIAL CONTRACTS

The only material contracts entered into by CWS or its subsidiaries, other than contracts entered into in the ordinary course of business that were entered into since the beginning of the 2007 Fiscal year or before the beginning of the 2007 Fiscal year if that material contract is still in effect, are as follows:

1. Amalgamation agreement dated July 30, 2007 among CWS, SSQ, Subco and Manalta Investment Company Ltd. in respect of the three-cornered amalgamation whereby 6809278 Canada Inc. and Predecessor CWS amalgamated.
2. Agency agreement between CWS, SSQ, Blackmont Capital Inc. and Wellington West Capital Markets Inc., dated July 31, 2007;
3. Voting trust agreement between CWS, CWC, Lakehall Technologies Ltd. and Equential Services Ltd., dated January 1, 2007;
4. CWC shareholders' agreement between CWC, Lakehall Technologies Ltd., Stamos T. Stratos, Maria Stratou, Christina Stratou, Natalia Stratou, Equential Services Ltd., Antonia Kyriacou, Dimitris Stavrianos, Wardek Trading Company Ltd. and CWS, dated January 1, 2007;

5. Craig Wireless Manitoba Inc. unanimous shareholders' agreement between Craig Wireless Manitoba Inc., Craig Wireless Canada Inc. and Clearwire Corporation, dated June 30, 2005;
6. The Coattail Trust Agreement;
7. Value Security Escrow Agreement between CWS, T. Boyd Craig, J. Drew Craig, Manalta Investment Company Ltd. (the "**Escrowed Shareholders**") and Equity Transfer and Trust Company whereby the shares held by the Escrowed Shareholders are subject to certain escrow requirement, dated September 1, 2007;
8. CPC Escrow Agreement between SSQ Acquisitions Inc., Equity Transfer and Trust Company and certain shareholders of SSQ Acquisitions Inc.;
9. Security Agreement executed by CWS in favour of T. Boyd Craig dated May 31^{st}, 2005;
10. Promissory note agreement between T. Boyd Craig and CWPS, as amended;
11. Agency Agreement between CWS and the Lead Agents dated June ● , 2008.
12. Guaranty Agreement between CWS and T. Boyd Craig dated February 20th, 2008; and
13. Security Agreement executed by CWPS in favour of T. Boyd Craig dated February 20th, 2008.

Copies of each of the foregoing agreements may be inspected during ordinary business hours at the registered office of the Company during the period of distribution of the Subordinate Voting Shares and for a period of 30 days thereafter.

EXPERTS

Certain legal matters relating to the issuance of the securities qualified for distribution hereunder will be passed upon on behalf of the Company by Aikins, MacAulay & Thorvaldson LLP and by Goodmans LLP on behalf of the Agents.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. Purchasers should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

OTHER MATERIAL FACTS

There are no other material facts other than as disclosed herein.

FINANCIAL STATEMENTS

Attached to and forming a part of this Prospectus are the Company's consolidated audited financial statements for the years ended August 31, 2006 and August 31, 2007 along with a copy of the auditors consent letter and the interim financial statements for the three and six month period ended February 29, 2008 (unaudited).

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AUDITORS' CONSENT

We have read the prospectus dated ● , 2008 relating to the sale of subordinate voting shares of Craig Wireless Systems Ltd. (the "**Company**"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned prospectus of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at August 31, 2007 and 2006 and the consolidated statements of loss and deficit and cash flows for the years then ended. Our report relating to such financial statements is dated November 29, 2007, except as to note ● , which is as of ● , 2008.

Winnipeg, Manitoba
● , 2008

●
Chartered Accountants

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Craig Wireless Systems Ltd.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

November 29, 2007

(Signed) BOYD CRAIG Chief Executive Officer	(Signed) LESLIE MCKENZIE Chief Financial Officer

AUDITORS' REPORT

To the Shareholders of Craig Wireless Systems Ltd.:

We have audited the consolidated balance sheets of Craig Wireless Systems Ltd. as at August 31, 2007 and 2006 and the consolidated statements of loss and deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2007 and 2006 the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
November 29, 2007

Chartered Accountants

CRAIG WIRELESS SYSTEMS LTD.

CONSOLIDATED BALANCE SHEETS

As at August 31, 2007 and 2006

	2007	2006
Assets		
Current		
Cash	**415,196**	425,923
Cash — restricted *(Note 17)*	**40,005,000**	—
Accounts receivable	**1,171,536**	444,710
Prepaid expenses and deposits	**105,829**	129,820
	41,697,561	1,000,453
Property and equipment *(Note 4)*	**5,716,798**	5,541,661
Intangible assets *(Note 5)*	**10,763,554**	10,599,614
Deferred charges *(Note 6)*	**658,591**	—
Advances to related parties	**—**	959,643
	58,836,504	18,101,371
Liabilities		
Current		
Bank indebtedness *(Note 7)*	**6,924,996**	4,805,477
Accounts payable and accruals	**3,252,227**	2,518,353
Advances from related parties *(Note 8)*	**5,898,397**	20,943,576
Deferred revenue *(Note 9)*	**396,418**	235,852
Current portion of capital lease obligations	**4,137**	—
	16,476,175	28,503,258
Capital lease obligations	**6,984**	—
	16,483,159	28,503,258
Non-controlling interest	**2,242,318**	2,379,748
Going concern *(Note 2)*		
Shareholders' Equity (Deficit)		
Share capital *(Note 10)*	**18,162,678**	1,895,626
Subscription receipts *(Note 17)*	**40,005,000**	—
Contributed surplus *(Note 10)*	**5,705,903**	—
Deficit	**(24,371,889)**	(14,557,592)
Cumulative foreign currency translation adjustment	**609,335**	(119,669)
	40,111,027	(12,781,635)
	58,836,504	18,101,371

Approved on behalf of the Board

(Signed) DREW CRAIG
Director

(Signed) RON SCHMEICHEL
Director

The accompanying notes are an integral part of these financial statements

CRAIG WIRELESS SYSTEMS LTD.

CONSOLIDATED STATEMENT OF LOSS AND DEFICIT

For the years ended August 31, 2007 and 2006

	2007	2006
Sales		
Cable	**1,246,505**	1,650,554
Web	**1,026,897**	757,332
	2,273,402	2,407,886
Cost of sales		
Cable	**681,049**	853,452
Web	**71,063**	83,163
	752,112	936,615
Gross margin	**1,521,290**	1,471,271
Expenses		
Amortization	**680,768**	548,030
Interest expense	**839,232**	651,585
Selling, general and administrative	**10,007,721**	2,999,068
	11,527,721	4,198,683
Loss from operations	**(10,006,431)**	(2,727,412)
Other income (expense)		
Foreign exchange gain (loss)	**286,768**	(407,270)
Forgiveness of debt	**—**	218,574
Impairment loss on property and equipment	**(9,708)**	(69,499)
Interest income	**137,112**	—
Miscellaneous income	**70,304**	42,955
Non-controlling interest	**137,430**	86,464
	621,906	(128,776)
Net loss	**(9,384,525)**	(2,856,188)
Deficit, beginning of year	**(14,557,592)**	(11,701,404)
Effect of acquisition on opening deficit *(Note 3)*	**(429,772)**	—
Deficit, end of year	**(24,371,889)**	(14,557,592)
Loss per share		
Basic and diluted	**(0.316)**	(0.098)
Weighted average number of shares outstanding		
Basic and diluted	**29,688,250**	29,280,772

The accompanying notes are an integral part of these financial statements

CRAIG WIRELESS SYSTEMS LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended August 31, 2007 and 2006

	2007	2006
Cash provided by (used for) the following activities		
Operating activities		
Cash received from customers	**2,064,215**	2,196,956
Cash paid to suppliers	**(3,119,786)**	(3,024,842)
Cash paid to employees	**(1,608,427)**	(1,394,550)
Interest received	**22,710**	—
Interest paid	**(839,232)**	(637,366)
	(3,480,520)	(2,859,802)
Financing activities		
Advances from related parties	**1,221,873**	8,884,979
Repayments of capital lease obligations	**(1,939)**	(2,491)
	1,219,934	8,882,488
Investing activities		
Purchases of property and equipment	**(829,303)**	(117,476)
Purchases of intangible assets	**—**	(10,473,724)
Repayment of advances to related parties	**959,643**	—
	130,340	(10,591,200)
(Decrease) increase in cash resources	**(2,130,246)**	(4,568,514)
Cash resources, beginning of year	**(4,379,554)**	188,960
Cash resources, end of year	**(6,509,800)**	(4,379,554)
Cash resources are composed of:		
Cash	**415,196**	425,923
Bank indebtedness	**(6,924,996)**	(4,805,477)
	(6,509,800)	(4,379,554)

During the year, equipment was acquired by means of capital leases at an aggregate cost of $13,060. As this represents a non-cash transaction, it has not been included in the above statement of cash flows.

1. INCORPORATION AND OPERATIONS

Craig Wireless Systems Ltd. (the "Company") was incorporated under the laws of the Government of Canada on October 23, 2002. The Company, through its subsidiaries, has wireless operations in Canada, the United States of America and Greece. The current ownership structure results from a series of internal transactions which occurred on May 31, 2005, whereby the Company's shareholder, Manalta Investment Company Ltd., transferred all of its Manitoba wireless operations and British Columbia wireless operations to two newly incorporated subsidiaries (Craig Wireless Manitoba Inc. and Craig Wireless British Columbia Inc., respectively). Thereafter, Manalta Investment Company Ltd. transferred its shares of Craig Wireless Manitoba Inc., Craig Wireless British Columbia Inc. and Craig Wireless Palm Springs Inc. to the Company. The Company then transferred Craig Wireless Manitoba Inc. and Craig Wireless British Columbia Inc. to Craig Wireless Canada Inc. (a newly incorporated subsidiary) and Craig Wireless Palm Springs Inc. to Craig Wireless USA Inc. (a newly incorporated subsidiary).

On July 30, 2007, the Company filed articles of amendment providing for the reorganization of its share capital, which as a result, consists of an unlimited number of multiple voting shares, an unlimited number of subordinate voting shares and an unlimited number of non-voting shares.

2. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business for the foreseeable future. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be required to realize its assets in other than the normal course of business. The use of Canadian generally accepted accounting principles applicable to a going concern may not be appropriate because there is significant doubt about the ability of the Company to continue as a going concern. The Company sustained net losses in 2007 and 2006.

The Company's ability to continue as a going concern and realize the assets on the accompanying balance sheet is dependent upon its ability to attain profitable future operations and generate positive cash flow, acquire adequate working capital by continuing to obtain borrowings from related and third parties sufficient to meet current and future obligations and/or restructuring the existing debt and payables and/or raising further debt or equity. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the going concern assumption were not appropriate.

Subsequent to year end, the Company satisfied all the conditions described in Note 17 and accordingly gained access to $40,005,000 raised through private placement.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Basis of consolidation

The Company has consolidated the assets, liabilities, revenues and expenses of all subsidiaries after the elimination of inter-company transactions and balances. The consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries, Craig Wireless British Columbia Inc., Craig Wireless Palm Springs Inc., Craig Wireless Canada Inc., Craig Wireless USA Inc., Craig Wireless South Inc., Craig Wireless Hellas Holdings S.A., Craig Wireless Hellas S.A., its 97% share of ownership in Craig Wireless Systems (Cyprus) Limited and its 85% share of ownership in Craig Wireless Manitoba Inc.

On September 1, 2006, the Company acquired all of the issued and outstanding shares of Craig Wireless South Inc. from a related party. Accordingly, the investment was transferred at its historical carrying amount. Given that Craig Wireless South Inc. had an opening deficit this transaction has been reflected in the consolidated deficit of the Company.

Stock options

The Company follows the fair value method of accounting for stock options granted to directors, officers and employees whereby the weighted average fair value of options granted is recorded as compensation expense in the consolidated financial statements. Compensation expense on stock options granted is recognized and amortized over the vesting period, with the offset being credited to contributed surplus, which will transfer to share capital as the related options are exercised. Any consideration paid for shares purchased under this plan is credited to share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

The Company's sources of revenue include the following:

i) Revenues from cable and web sales in Manitoba and British Columbia are recognized at the end of the month that the service is delivered to the customers and on the related services as and when they are performed.

ii) Customer installation or service calls are recognized as incurred once collection is reasonably assured.

iii) Revenue from wholesale sales in Greece are recognized at the end of the month that the service is delivered to the customers.

iv) Prepayment of cable or web services are recorded as deferred revenue and recognized in the period the service is provided.

Property and equipment

Property and equipment are initially recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Buildings	straight-line	20 years
Automotive	straight-line	5 years
Computer software	straight-line	1 year
Equipment	straight-line	5-10 years
Leasehold improvements	straight-line	term of lease

No amortization is recorded on assets until they are put into commercial use.

Long-lived assets

Long-lived assets consist of property and equipment and intangible assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Company performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in loss for the period.

Prices for similar items are used to measure the fair value of long-lived assets.

An impairment charge of $9,708 was recognized in the current year (2006 — $69,499) related to equipment.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. While management believes that these estimates and assumptions are reasonable, actual results may differ.

Financial statement items subject to significant management judgment include the value of the pension liability, completeness of legal liabilities, fair values of warrants and stock-based compensation and related party payables, estimated useful lives of property and equipment, valuation of accounts receivable, and valuation of future income tax assets.

These estimates and assumptions are reviewed periodically and as adjustments become necessary they are reported in earnings in the periods in which they become known.

Future income taxes

The Company follows the asset and liability method of accounting for future income taxes. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using enacted and substantively enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

Intangible assets

Specified intangible assets are recognized and reported apart from goodwill. Intangible assets relate to the Company's license of 2.5 Ghz and 3.5 Ghz frequency spectrum rights which have finite useful lives based on the terms of the respective licenses, accordingly amortization is recorded on these assets over this period of time.

The Company performs impairment testing on intangible assets with infinite lives on a periodic basis. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the intangible asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in loss for the period then ended.

No impairment was recognized in the current year (2006 — $ nil). No amortization has been taken on the 3.5 Ghz frequency spectrum as the assets have not yet been put into use.

Reporting currency and foreign currency translation

These consolidated financial statements have been presented in Canadian dollars, the principal currency of the Company's operations. Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Revenues and expenses are translated at the weighted average rate for the period. Craig Wireless Palm Springs Inc. and Craig Wireless Systems (Cyprus) Limited are self-sustaining operations. Exchange gains or losses on translation of the Company's net investment in these operations are deferred, as the cumulative foreign currency translation adjustment, as a separate component of shareholders' equity.

Other foreign currency denominated balances of the Company have been translated to Canadian dollars using the temporal method. Monetary assets and liabilities are translated at the year-end exchange rate while nonmonetary assets, liabilities, revenues and expenses are translated at the rate of exchange prevailing at the transaction date. Exchange gains and losses arising from the translation of the financial statements are reflected in earnings during the period in which they occur.

Loss per share

Loss per share is calculated using the daily weighted average number of shares outstanding during the year. The dilutive effect of outstanding stock options on loss per share is based on the application of the treasury stock method.

Recent accounting pronouncements

CICA Handbook Sections 3855 "Financial Instruments — Recognition and Measurement" and 1530 "Comprehensive Income", are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006. These Sections establish standards for the recognition and measurement of all financial instruments, provides a character-based definition of a derivative financial instrument and provide criteria to be used to determine when a financial instrument should be recognized and when a financial instrument is to be extinguished. They also establish standards for reporting comprehensive income and its components.

CICA Handbook Sections 3862 "Financial Instruments — Disclosures" and 3863 "Financial Instruments — Presentation", are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. These Sections establish standards for presentation of financial instruments and non-financial derivatives and complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Handbook Section 3855 "Financial Instruments — Recognition and Measurement". The Sections deal with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. CICA Handbook Section 1535 "Capital Disclosures", is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The section will require the Company to disclose information that enables users of its financial statements to evaluate the Company's objectives, policies and processes for managing capital. Management is currently considering the effect on the financial statements of the new standards.

4. PROPERTY AND EQUIPMENT

	August 31, 2007		
	Cost	Accumulated Amortization	Net Book Value
Buildings	**46,982**	**43,521**	**3,461**
Automotive	**83,468**	**47,890**	**35,578**
Computer equipment	**103,638**	**80,640**	**22,998**
Computer software	**262,278**	**238,003**	**24,275**
Equipment	**21,457,405**	**15,952,311**	**5,505,094**
Leasehold improvements	**112,588**	**2,308**	**110,280**
Office equipment	**3,731**	**1,244**	**2,487**
Equipment under capital lease	**13,060**	**435**	**12,625**
	22,083,150	**16,366,352**	**5,716,798**

	August 31, 2006		
	Cost	Accumulated Amortization	Net Book Value
Buildings	46,982	43,326	3,656
Automotive	83,468	27,225	56,243
Computer equipment	111,421	57,717	53,704
Computer software	226,043	225,787	256
Equipment	20,782,304	15,356,954	5,425,350
Leasehold improvements	216,417	216,417	—
Office equipment	3,323	871	2,452
	21,469,958	15,928,297	5,541,661

Included in equipment is a $2,500,000 deposit related to an option to lease equipment in Craig Wireless Manitoba Inc. ("CWMB") from a non arm's length party who hold a 15% ownership of CWMB. The option expires on July 1, 2010 subject to five one-year-term renewals at the option of the Company. The option to lease is for equipment with a fair market value of US$4,750,000 at no cost to CWMB and bears a purchase option at the end of the term of the lease and at the end of each successive renewal period of US$1. As at August 31, 2007, no such assets were being leased and as a result no amortization has been recorded.

5. INTANGIBLE ASSETS

The Company holds licenses which provide the Company exclusive access to a range of frequencies available for wireless transmission of signals ("Spectrum"). Craig Wireless Manitoba Inc. holds a license for the use of 2.5 Ghz frequency within Manitoba.

Craig Wireless Systems (Cyprus) Limited holds a license for the installation and operation of a Greek public telecommunications network of fixed wireless access and the provision of fixed public telephone services radio frequency of 3.5 Ghz.

Craig Wireless British Columbia Inc. holds a license for the use of Spectrum in British Columbia. Craig Wireless British Columbia Inc. holds a license for 90 Mhz of Spectrum in the 2.5 Ghz band.

Craig Wireless Palm Springs Inc. has entered into a 15 year lease with California State University San Bernadino and Caritas Telecommunications for 108 MHz of licensed Spectrum in the 2.5Ghz band. There are 12 years remaining on the initial 15 year term of the lease and the Company has the right to renegotiate for an additional term.

5. INTANGIBLE ASSETS (Continued)

The following table includes the net book value of these assets, however additional Spectrum licenses exist in Manitoba, British Columbia and Palm Springs, California with a net book value of nil.

	August 31, 2007		
	Cost	Accumulated Amortization	Net Book Value
2.5 Ghz frequency Spectrum license	**155,000**	**52,360**	**102,640**
3.5 Ghz frequency Spectrum license	**10,660,914**	**—**	**10,660,914**
	10,815,914	**52,360**	**10,763,554**

	August 31, 2006		
	Cost	Accumulated Amortization	Net Book Value
2.5 Ghz frequency Spectrum license	155,000	29,110	125,890
3.5 Ghz frequency Spectrum license	10,473,724	—	10,473,724
	10,628,724	29,110	10,599,614

6. DEFERRED CHARGES

Deferred charges represent legal, accounting and other fees associated with the transactions that resulted in the Company becoming listed on the Toronto Stock Exchange as described in Note 19.

7. BANK INDEBTEDNESS

Bank indebtedness consists of an operating line of credit with a maximum credit limit of US $7,300,000, bearing interest at prime plus 1.25%. The operating line of credit is secured by a personal guarantee from a director.

8. ADVANCES FROM RELATED PARTIES

	2007	2006
Manalta Investment Company Ltd.	**180,225**	8,502,371
Craig Wireless South Inc.	**—**	709,403
Advances from directors	**5,718,172**	11,731,802
	5,898,397	20,943,576

Manalta Investment Company Ltd. is controlled by the family of certain officers and directors of the Company. These advances are non-interest bearing and have no fixed terms of repayment.

Craig Wireless South Inc. is a wholly owned subsidiary of the Company which was controlled by the family of certain officers and directors of the Company prior to 2007.

The advances from directors earn interest at rates from 0% to 5%, with no fixed terms of repayment.

9. DEFERRED REVENUE

The Company bills customers for services in advance of the delivery of the services. These amounts are recognized as deferred revenues and are brought into income as the services are delivered.

10. SHARE CAPITAL

	2007	2006
a. Authorized		
Common shares		
Unlimited number of voting common shares		
Multiple voting shares		
Unlimited number of multiple voting shares		
Subordinate voting shares		
Unlimited number of subordinate voting shares		
Non-voting shares		
Unlimited number of non-voting shares		
b. Issued		
Common shares		
Class A — nil (2006 — 200)	**—**	1,895,626
Multiple voting shares		
3,642,883 (2006 — nil)	**12,750,092**	
Subordinate voting shares		
30,285,688 (2006 — nil)	**5,412,586**	
	18,162,678	1,895,626

The multiple voting shares are entitled to 200 votes per share and can be converted into subordinate shares on a 1:1 basis at the option of the holder, provider the holder is a Canadian.

The subordinate voting shares are entitled to one vote per share.

All holders of the issued and outstanding shares participate equally with respect to declared dividends.

On July 30, 2007, the Company issued 6.864 common shares to Manalta Investment Company Ltd., a related party, in exchange for the outstanding debt of $3,516,960 of the Company owing to Manalta Investment Company Ltd.

On July 30, 2007, the Company filed articles of amendment providing for the reorganization of its share capital, which as a result, consists of an unlimited number of multiple voting shares, an unlimited number of subordinate voting shares and an unlimited number of non-voting shares. Pursuant to the articles of amendment, the 206.864 common shares outstanding at the time were converted into 30,285,688 subordinate voting shares on a 1 common share for approximately 146,404 subordinate voting share basis.

On July 30, 2007, the Company issued 3,357,169 multiple voting shares to Manalta Investment Company Ltd., a related party, in exchange for the outstanding debt of $11,750,092 owing to Manalta Investment Company Ltd. The Company also issued 285,714 multiple voting shares in exchange for the outstanding debt of $999,999 owing by the Company to certain related parties.

c. Warrants

On January 19, 2006, the Company issued warrants in exchange for an undertaking by the holders not to compete with Craig Wireless Systems (Cyprus) Limited. The warrants provide the holder the right to convert the warrants into shares of Craig Wireless Systems (Cyprus) Limited or Craig Wireless Systems Ltd. as detailed below and at the discretion of the holder.

On January 19, 2006, in connection with the acquisition of a 3.5 GHz spectrum license in Greece by Craig Wireless Systems (Cyprus) Limited, the Company and Craig Wireless Systems (Cyprus) Limited together issued warrants (the "CWS/CWC Warrants") to purchase shares of either the Company or Craig Wireless Systems (Cyprus) Limited in exchange for an undertaking by the holders not to compete with Craig Wireless Systems (Cyprus) Limited. The CWS/CWC Warrants provide the holder the right to exercise the warrants into shares of either Craig Wireless Systems (Cyprus) Limited or the Company at the discretion of the holder as detailed below.

The CWS/CWC Warrants are currently issued and outstanding and may be exercised at any time up to the expiry of such warrants. The CWS/CWC Warrants entitle the holders to either: (a) purchase an aggregate of 15 common shares of the Company (prior to the share capital reorganization on July 30, 2007) or 2,196,058 subordinate voting shares post-share capital reorganization for the aggregate exercise price of €1,950,000; or (b) purchase an aggregate of 30,000 shares of Craig Wireless Systems (Cyprus) Limited for the aggregate exercise price of the higher of (i) €1,050,000 and (ii) 15% of net book value of Craig Wireless Systems (Cyprus)

10. SHARE CAPITAL (Continued)

Limited. The exercise price and the number of the purchased shares are subject to adjustment as prescribed in the terms of the warrants.

The terms of the CWS/CWC Warrants further provide that (a) each warrant to purchase shares of the Company expires on the earlier of (i) July 18, 2008, and (ii) the consummation of an initial public offering under the United States Securities Act of 1933, as amended or the corresponding securities laws of any other jurisdiction (an "IPO") of the shares of the Company; and (b) each warrant to purchase shares of Craig Wireless Systems (Cyprus) Limited ends on the earlier of (i) July 18, 2008, and (ii) and IPO of the shares of Craig Wireless Systems (Cyprus) Limited.

Each warrant to purchase shares of Craig Wireless Systems (Cyprus) Limited expires on the earlier of:

(i) July 18, 2008; and

(ii) the consummation of an initial public offering under the United States Securities Act of 1933, as amended or the corresponding securities laws of any other jurisdiction of the shares of Craig Wireless Systems (Cyprus) Limited.

	Number of Warrants	Price Range	Weighted Average Price ($)	Expiry Date
Outstanding, August 31, 2006	**30,000**	59	**59**	July 18, 2008
Issued	**—**	—	**—**	—
Outstanding, August 31, 2007	**30,000**	59	**59**	July 18, 2008

Warrants of Craig Wireless Systems Ltd.

The warrants were issued and are exercisable at the option of the holder, in the aggregate, for a total of 15 common shares of Craig Wireless Systems Ltd. for an aggregate cash payment of (1,950,000 €).

Each warrant to purchase shares of Craig Wireless Systems Ltd. expires on the earlier of:

(i) July 18, 2008; and

(ii) the consummation of an initial public offering under the United States Securities Act of 1933, as amended or the corresponding securities laws of any other jurisdiction of the shares of Craig Wireless Systems Ltd.

	Number of Warrants	Price Range	Weighted Average Price ($)	Expiry Date
Outstanding, August 31, 2006	**15**	191,412	**191,412**	July 18, 2008
Issued	**—**	—	**—**	—
Outstanding, August 31, 2007	**15**	191,412	**191,412**	July 18, 2008

Company	Exercise Price	Number outstanding	Weighted average remaining life (years)	Number exercisable
Craig Wireless Systems (Cyprus) Limited	59	30,000	0.88	30,000
Craig Wireless Systems Ltd.	191,412	15	0.88	15

10. SHARE CAPITAL (Continued)

During the year, no expense was required related to the warrants. The Black-Scholes option pricing model was used to calculate the value of the warrants and the assumptions were as follows:

Option of Craig Wireless Systems (Cyprus) Limited	
Expected option life (years)	0.88
Expected volatility	0%
Risk-free interest rate	4.00%
Dividend yield	nil
Option of Craig Wireless Systems Ltd.	
Expected option life (years)	0.88
Expected volatility	0%
Risk-free interest rate	4.00%
Dividend yield	nil

On July 30, 2007, SSQ Acquisitions Inc. ("SSQ") entered into an amalgamation agreement with the Company, 6809278 Canada Inc. ("Subco") and Manalta Investment Company Ltd. ("Manalta") to complete a business combination which was structured as a "three-cornered" amalgamation involving SSQ, the Company and Subco pursuant to which SSQ acquired all of the issued and outstanding shares of the Company in exchange for shares of SSQ (the "Amalgamation"). On the same day, immediately after the Amalgamation, SSQ and the newly amalgamated entity proceeded with a subsequent amalgamation (the "Subsequent Amalgamation") with the amalgamated company continuing as Craig Wireless Systems Ltd. (collectively, the "Transaction").

Since the Transaction resulted in Craig Wireless Systems Ltd., (following the Subsequent Amalgamation) becoming a "reporting issuer" (as defined in the *Securities Act* (Ontario)) and was as such a "going-public transaction" under the securities laws of Canada, the ability to exercise such warrants into shares of Craig Wireless Systems Ltd. expired upon the closing of the transaction.

However, the warrants will continue to be exercisable into Craig Wireless Systems (Cyprus) Limited ordinary shares unless and until they expire or are exercised in accordance with their terms.

10. SHARE CAPITAL (Continued)

On August 22, 2007 the Company issued options as follows:

Party	Share Type	Quantity	Exercise Price	Vesting Period	Expiration
Management	Subordinate voting shares	342,857	$1.00 in aggregate	Immediately prior to Transaction	Earlier of the closing of the Transaction and a termination Event (as defined in the applicable option agreement)
Director of amalgamating party	Subordinate voting shares	300,000	$1.00 in aggregate	Immediately prior to Transaction	Earlier of the closing of the Transaction and a termination Event (as defined in the applicable option agreement)
Director of amalgamating party	Subordinate voting shares	200,000	$3.50/share	66,667 immediately prior to the closing of the Transaction, 66,667 - 12 months plus 1 day from the date of the closing of the Transaction, 66,666 - 24 months plus 1 day from the date of the closing of the Transaction	10 years from date of issue
Director of the Company	Subordinate voting shares	350,000	$3.50/share	Immediately prior to Transaction	10 years from date of issue
Director of the Company	Subordinate voting shares	350,000	$3.50/share	Immediately prior to Transaction	10 years from date of issue
Director of the Company	Multiple voting shares	1,000,000	$3.50/share	Immediately prior to Transaction	10 years from date of issue
Director of the Company	Multiple voting shares	1,000,000	$3.50/share	Immediately prior to Transaction	10 years from date of issue

The fair value of the options granted during the year was $ 5,862,819. Compensation expense relating of $5,705,903 was recognized in the current year.

The Black-Scholes option pricing model was used to calculate the value of the options and the assumptions were as follows:

Options issued to management	
Expected option life (days)	9
Expected volatility	0%
Risk-free interest rate	4.25%
Dividend yield	nil

Option Options issued to directors	
Expected option life (years)	10
Expected volatility	10%
Risk-free interest rate	4.25%
Dividend yield	nil

11. RELATED PARTY TRANSACTIONS

Throughout the period the Company engaged in multiple related party transactions with directors, officers and other related corporations. All of the transactions were measured at the exchange amount and have been reported in other notes to these financial statements.

12. COMMITMENTS

The Company has entered into various lease agreements with estimated minimum annual payments as follows:

2008	476,360
2009	457,199
2010	454,679
2011	367,191
2012	299,929
	2,055,358

As part of a previous purchase and sale agreement, the Company assumed a commitment related to a pension plan for thirty-three unionized hourly employees. On that date, an actuarial determination of the pension assets required to fund the obligation was calculated and agreed upon. The assets to cover the pension obligation that existed prior to the purchase agreement are held awaiting finalization of an agreement on transfer to the Company from Verizon Media Ventures Inc. The Company previously accrued $88,104 representing the shortfall in pension assets relating to this commitment, which is consistent with the actuarial determination.

During the year, the Company had discussions with Verizon Media Ventures Inc. and the union in order to review alternatives to providing the accrued benefits of each employee through an annuity or transfer to an individual retirement plan.

As of August 31, 2007, no decision on the timing of the final transfer of assets from Verizon Media Ventures Inc. had been determined.

The ultimate determination of the funded status of the plan cannot be completed until such time as the pension transfer is completed and an updated actuarial valuation is performed. Management expects the transfer will be completed in fiscal 2008.

13. INCOME TAXES

Income tax provision

Income tax expense (recovery) differs from the amount that would be computed by applying the Canadian statutory income tax rates of 36.10% (2006 — 33.53%) to earnings before taxes. The reasons for the differences are as follows:

	2007	2006
Computed tax recovery	**(3,387,813)**	(957,680)
Income tax rates differential of foreign investees	**64,964**	17,046
Permanent differences	**2,092,333**	(92,415)
Effect of tax rate changes	**62,502**	135,780
Other items	**18,171**	(12,125)
Valuation allowance	**1,149,843**	909,394
	—	—

13. INCOME TAXES (Continued)

The tax effects of temporary differences that give rise to significant portions of future tax assets and future tax liabilities are presented below:

	2007	2006
Future tax assets (liabilities):		
Loss carry-forwards	**2,547,002**	1,318,376
Donation carry-forwards	**1,371**	—
Deferred charges — differences in net book value and tax basis	**2,836**	—
Depreciable capital assets — differences in net book value and unamortized capital cost	**(73,856)**	12,125
Unrealized foreign exchange gain	**2,991**	—
	2,480,344	1,330,501
Less valuation allowance	**(2,480,344)**	(1,330,501)
Net future tax asset	**—**	—

At August 31, 2007, the Company has the following amounts available to reduce future years' income for tax purposes. The potential benefit of these losses has not been reflected in these financial statements:

Non-capital losses carried forward for tax purposes expiring:

Canada	
2015	1,039,160
2026	2,455,307
2027	2,163,286
Cyprus	
No expiry date	457,432
Greece	
2012	787,467
United States	
2021	369,670
2022	792,150

14. FINANCIAL INSTRUMENTS

The Company as part of its operations carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

The Company is exposed to interest rate risk on a portion of its advances to related parties and bank indebtedness. The Company does not currently hold any financial instruments that mitigate this risk. It is management's opinion that the impact of interest rate fluctuations will not be significant.

Currency risk

The Company operates internationally and is exposed to risk from changes in foreign currency rates. The following balances in Canadian dollars include amounts denominated in United States' dollars and Euros as at year end:

2007	US $	€
Cash	**5,050**	**302,589**
Accounts receivable	**—**	**1,079,187**
Bank indebtedness	**6,924,996**	**—**
Accounts payable and accruals	**623,834**	**70,673**

14. FINANCIAL INSTRUMENTS (Continued)

2006	US $	€
Cash	15,155	326,028
Accounts receivable	—	237,241
Bank indebtedness	4,805,477	—
Accounts payable and accruals	812,198	26,152

Credit risk

The Company is exposed to credit risk from its customers. The Company has accounts receivable from customers engaged in various industries that are not concentrated in any specific geographic area. These specific industries or customers may be affected by economic factors that may impact accounts receivable. It is management's opinion that no single industry or geographic region represents significant credit risk. Credit risk concentration with respect to trade receivables is limited due to the Company's large client base.

Fair value of financial instruments

The carrying values of current financial assets and liabilities including cash, accounts receivable, bank indebtedness, accounts payable and accruals approximates their fair values due to the short-term nature of these instruments.

The fair value of the advances from related parties cannot be determined with sufficient reliability as these instruments are not traded in an organized financial market.

15. SEGMENTS

The Company has three reportable segments: Craig Wireless Manitoba Inc., Craig Wireless British Columbia Inc. and Craig Wireless Systems (Cyprus) Limited. These business segments are differentiated by geographical areas and their ownership of the broadcasting license in Manitoba, Canada, British Columbia, Canada, and Greece. Information about other business activities and operating segments that are not reportable have been combined and disclosed in an "all others" category.

Craig Wireless Manitoba Inc. operates a wireless cable operation in Manitoba, Canada through a license issued by the Canadian Radio Television and Telecommunications Commission for use of the 2.5 Ghz frequency spectrum. The licenses currently held are set for renewal in 2011.

Craig Wireless British Columbia Inc. operates a wireless cable operation in British Columbia, Canada through a license issued by the Canadian Radio Television and Telecommunications Commission for use of 90 Mhz of spectrum in the 2.5 Ghz band. The licenses currently held are set for renewal in 2011.

Craig Wireless Systems (Cyprus) Limited operates a wireless cable operation in Greece through a license for use of the 3.5 Ghz frequency spectrum.

2007 Segmented Operations

	Cyprus	Manitoba	British Columbia	All Others	Total
Sales					
Cable	**—**	**1,244,825**	**1,680**	**—**	**1,246,505**
Web	**243,215**	**677,771**	**105,911**	**—**	**1,026,897**
Total Sales	**243,215**	**1,922,596**	**107,591**	**—**	**2,273,402**
Cost of Sales	**—**	**736,760**	**15,352**	**—**	**752,112**
Expenses	**1,379,607**	**1,694,244**	**741,258**	**7,712,612**	**11,527,721**
Loss from operations	**(1,136,392)**	**(508,408)**	**(649,019)**	**(7,712,612)**	**(10,006,431)**
Other Income (expense)	**357,665**	**(77,874)**	**2,653**	**339,462**	**621,906**
Loss	**(778,727)**	**(586,282)**	**(646,366)**	**(7,373,150)**	**(9,384,525)**

15. SEGMENTS (Continued)

2006 Segmented Operations

	Cyprus	Manitoba	British Columbia	All Others	Total
Sales					
Cable	—	1,566,390	1,818	82,346	1,650,554
Web	—	673,234	84,098	—	757,332
Total Sales	—	2,239,624	85,916	82,346	2,407,886
Cost of Sales	—	923,537	13,078	—	936,615
Expenses	44,758	2,068,176	871,867	1,213,882	4,198,683
Loss from operations	(44,758)	(752,089)	(799,029)	(1,131,536)	(2,727,412)
Other Income (expense)	255	164,769	5,916	(299,716)	(128,776)
Loss	(44,503)	(587,320)	(793,113)	(1,431,252)	(2,856,188)

Segmented Assets

	2007	2006
Craig Wireless Manitoba Inc.	**5,025,300**	5,113,371
Craig Wireless British Columbia Inc.	**372,137**	546,298
Craig Wireless Systems (Cyprus) Limited	**12,626,508**	10,857,186
All Others	**40,812,559**	1,584,516
Total Assets	**58,836,504**	18,101,371

16. CONTINGENCY

As at the period end, the Company is subject to a lawsuit alleging unpaid freight and demurrage charges in the amount of $63,242. An accrual has been made based on management's estimate of cost. In the opinion of management, determination of this claim is not expected to materially affect the Company's consolidated financial position or results of operations.

17. FUNDS IN TRUST

On July 31, 2007, Craig Wireless Systems Ltd. raised $40,005,000 through a private placement, issuing 11,430,000 subscription receipts (the "Private Placement"). Upon the closing of the Private Placement, the proceeds of the Private Placement were deposited with the transfer agent, as trustee, pursuant to the terms of a subscription receipt indenture. The escrowed funds were released to the Company upon receipt by the trustee, of a notice from the Company and the agents acting in connection with the Private Placement directing the trustee to release the escrowed funds to the Company in connection with the satisfaction of all conditions precedent in the Amalgamation Agreement upon completion of the Transaction described in Notes 10 and 19 save and except for any conditions relating to the release of the escrowed funds. Each subscription receipt was automatically converted into a subordinate voting share of the Company immediately prior to the Amalgamation. At the time of the Amalgamation, each such subordinate voting share of the Company was exchanged for one subordinate voting share in the resulting issuer following the Transaction.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to compare with the current year presentation.

19. SUBSEQUENT EVENTS

On September 1, 2007, the Company completed a business combination with SSQ, 6809278 Canada Inc. and Manalta Investment Company Ltd. The amalgamation was structured as a "three-cornered" amalgamation involving SSQ, the Company and Subco pursuant to which SSQ acquired all of the issued and outstanding shares of the Company in exchange for shares of SSQ. On the same day, immediately after the Amalgamation, SSQ and the newly amalgamated entity proceeded with the Subsequent Amalgamation and the amalgamated company continued as Craig Wireless Systems Ltd. ("CWS"). Upon completion of the Transaction, CWS became a reporting issuer.

19. SUBSEQUENT EVENTS (Continued)

On September 1, 2007, the options previously issued on August 22, 2007 to a director of the amalgamating entity were exchanged for 200,000 options in CWS with an exercise price of $3.50. The options vest as follows: 66,667 immediately prior to the closing of the Transaction, 66,667 - 12 months plus one day from the date of the closing of the Transaction, 66,666 - 24 months plus one day from the date of the closing of the Transaction. The options have a life of 10 years and are contingent upon the individual remaining a director of CWS. In addition the options issued to the directors of the Company were exchanged for the equivalent number of options in CWS. CWS also issued options to the agents that acted in connection with the Private placement, which options entitle the holder to purchase an aggregate of 340,755 subordinate voting shares of CWS at an exercise price of $3.50. The agent's options expire on September 1, 2008.

On September 1, 2007 all other options previously issued by the Company on August 22, 2007 were exercised by the holders thereof.

On September 17, 2007 CWS was listed and posted for trading on the TSX under the stock exchange symbol "CWG".

On November 13, 2007 CWS won an auction for 50 MHz of 2500-2690 GHz spectrum (the "Spectrum") for Norway pursuant to the Norwegian Post and Telecommunications Authority Competitive Auction Selection Procedure that commenced on November 5, 2007 and terminated with CWS as the winning bidder. The winning bid for the license to use the Spectrum (the "Spectrum License") was 72,391,000 Norwegian Kroners, which is the equivalent of approximately $12.7 million. The Spectrum License is technology and service neutral, is tradeable and is valid until December 2022.

On November 15, 2007, as part of the Company's stock option plan, the Company granted 6,650 options to purchase subordinate voting shares to management and other personnel of CWS. The options expire on November 16, 2017 and are exercisable at $4.01 per share and vest and become exercisable on November 16, 2008.

Subsequent to year end CWS has also entered into commitments to purchase US $1,317,427 and $1,173,401 of equipment that is scheduled for delivery in the next year.

CRAIG WIRELESS SYSTEMS LTD.

CONSOLIDATED BALANCE SHEETS

As at February 29, 2008 and August 31, 2007

	February 29, 2008	August 31, 2007
	(Unaudited)	
Assets		
Current assets		
Cash	**$ 12,322,681**	$ 415,196
Cash — restricted	**—**	40,005,000
Accounts receivable	**1,121,795**	1,171,536
Prepaid expenses and deposits	**1,066,718**	105,829
	14,511,194	41,697,561
Property and equipment	**7,814,083**	5,716,798
Intangible assets *(Note 5)*	**25,501,541**	10,763,554
Deferred charges	**292,853**	658,591
	$ 48,119,671	$ 58,836,504
Liabilities		
Current liabilities		
Bank indebtedness	**$ —**	$ 6,924,996
Accounts payable and accruals	**3,267,831**	3,263,348
Advances from related parties *(Note 6)*	**6,490,495**	5,898,397
Deferred revenue	**386,886**	396,418
	10,145,212	16,483,159
Non-controlling interest	**2,509,896**	2,242,318
Going concern *(Note 2)*		
Shareholders' Equity (Deficit)		
Share capital *(Note 7)*	**57,263,706**	18,162,678
Subscription receipts	**—**	40,005,000
Contributed surplus *(Note 7)*	**3,523,608**	5,705,903
Accumulated other comprehensive income	**1,042,043**	609,335
Deficit	**(26,364,794)**	(24,371,889)
	35,464,563	40,111,027
	$ 48,119,671	$ 58,836,504

(Signed) J. DREW CRAIG
Director

(Signed) W.C. FRASER
Director

CRAIG WIRELESS SYSTEMS LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

For the three and six months ended February 29, 2008 and February 28, 2007
(Unaudited)

	Three Months Ended		Six Months Ended	
	February 29, 2008	February 28, 2007	February 29, 2008	February 28, 2007
Sales	**$ 482,745**	**$ 509,096**	$ 951,457	$ 1,043,616
Cost of sales	**149,421**	**183,523**	291,563	402,814
Gross margin	**333,324**	**325,573**	659,894	640,802
Expenses				
Amortization	**287,366**	**146,007**	438,359	311,991
Interest expense	**72,253**	**191,856**	232,806	307,754
Selling, general and administration	**1,398,939**	**611,814**	3,306,256	1,472,873
	1,758,558	**949,677**	3,977,421	2,092,618
Loss before the following	**1,425,234**	**624,104**	3,317,527	1,451,816
Other income (expense)				
Interest income	**156,714**	**—**	475,895	190
Foreign exchange gain (loss) and miscellaneous	**55,186**	**(388,026)**	1,146,045	(328,493)
Non-controlling interest	**38,053**	**13,852**	(267,578)	21,399
	249,953	**(374,174)**	1,354,362	(306,904)
Net loss	**1,175,281**	**998,278**	1,963,165	1,758,720
Deficit, beginning of period	**25,189,513**	**15,747,806**	24,371,889	14,557,592
Effect of acquisition	**—**	**—**	—	429,772
Effect of amalgamation *(Note 3)*	**—**	**—**	29,740	—
	25,189,513	**15,747,806**	24,401,629	14,987,364
Deficit, end of period	**$26,364,794**	**$16,746,084**	$26,364,794	$16,746,084
Loss per share				
Basic and diluted	**$ 0.02**	**$ 0.02**	$ 0.04	$ 0.04
Weighted average number of shares outstanding				
Basic and diluted	**47,798,091**	**46,001,428**	47,798,091	46,001,428

CRAIG WIRELESS SYSTEMS LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (INCOME) LOSS

For the three and six months ended February 29, 2008 and February 28, 2007
(Unaudited)

	Three Months Ended		Six Months Ended	
	February 29, 2008	February 28, 2007	February 29, 2008	February 28, 2007
Net loss	**$1,175,281**	**$ 998,278**	$1,963,165	$1,758,720
Other comprehensive (income) loss				
Change in unrealized losses (gains) on translating financial statements of self-sustaining foreign operations	**(283,145)**	**(853,115)**	(432,708)	200,440
Comprehensive (income) loss	**$ 892,136**	**$ 145,163**	$1,530,457	$1,959,160

CRAIG WIRELESS SYSTEMS LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and six months ended February 29, 2008 and February 28, 2007
(Unaudited)

	Three Months Ended		Six Months Ended	
	February 29, 2008	February 28, 2007	February 29, 2008	February 28, 2007
Cash provided by (used for) the following activities				
Operating activities				
Cash received from customers	**$ 460,661**	**$ 143,245**	$ 922,530	$ 917,118
Cash paid to suppliers	**(1,784,169)**	**(498,908)**	(3,451,520)	(601,202)
Cash paid to employees	**(383,993)**	**(366,333)**	(778,848)	(749,873)
Interest received	**185,428**	**—**	460,289	190
Interest paid	**(67,909)**	**(191,856)**	(217,964)	(307,754)
	(1,589,982)	**(913,852)**	(3,065,513)	(741,521)
Financing activities				
Shares issued for cash	**—**	**—**	40,073,002	—
Share issuance costs	**—**	**—**	(3,221,971)	—
Advances from related parties *(Note 6)*	**6,490,495**	**250,414**	6,490,495	1,210,057
	6,490,495	**250,414**	43,341,526	1,210,057
Investing activities				
Purchases of property and equipment	**(2,027,040)**	**(268,700)**	(2,318,333)	(654,585)
Purchase of intangible assets	**(14,078,262)**	**—**	(14,278,262)	—
Repayment of advances to related parties	**—**	**—**	(5,898,397)	(1,327,136)
	(16,105,302)	**(268,700)**	(22,494,992)	(1,981,721)
Foreign exchange gain on cash held in foreign currency	**—**	**—**	1,051,460	—
Increase (decrease) in cash resources	**(11,204,789)**	**(932,138)**	18,832,481	(1,513,185)
Cash resources, beginning of period	**23,527,470**	**(4,960,601)**	(6,509,800)	(4,379,554)
Cash resources, end of period	**$ 12,322,681**	**$(5,892,739)**	$ 12,322,681	$(5,892,739)
Cash resources are composed of:				
Cash	**12,322,681**	**512,964**	12,322,681	512,964
Bank indebtedness	**—**	**(6,405,703)**	—	(6,405,703)
Cash resources, end of period	**$ 12,322,681**	**$(5,892,739)**	$ 12,322,681	$(5,892,739)

CRAIG WIRELESS SYSTEMS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended February 29, 2008 and February 28, 2007 (Unaudited)

1. BASIS OF PRESENTATION

The interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”). The interim consolidated financial statements reflect the operations of Craig Wireless Systems Ltd. (the “Company” or “CWS”) and its subsidiaries. The interim consolidated financial statements have been prepared on a consistent basis with the August 31, 2007 audited financial statements except for the effects of the changes in accounting policies disclosed in Note 4. These consolidated financial statements do not include all the information and disclosure required by Canadian generally accepted accounting principles for annual financial statements, and should be read in conjunction with the August 31, 2007 audited consolidated financial statements and notes thereto.

2. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business for the foreseeable future. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be required to realize its assets in other than the normal course of business. The use of Canadian generally accepted accounting principles applicable to a going concern may not be appropriate because there is significant doubt about the ability of the Company to continue as a going concern. The Company sustained net losses in the first and second quarters of fiscal 2008 and fiscal 2007.

The Company’s ability to continue as a going concern and realize the assets on the accompanying balance sheet is dependent upon its ability to attain profitable future operations and generate positive cash flow, acquire adequate working capital by continuing to obtain borrowings from third parties sufficient to meet current and future obligations and/or restructuring the existing debt and payables and/or raising further debt or equity. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the going concern assumption was not appropriate.

3. AMALGAMATION

On September 1, 2007, the predecessor company to the Company, also called Craig Wireless Systems Ltd. (“Old Craig”), completed a business combination pursuant to an agreement between SSQ Acquisitions Inc. (“SSQ”), 6809278 Canada Inc. (“SSQ Subco”), Manalta Investment Company Ltd. and Old Craig. The business combination was structured as a “three-cornered” amalgamation involving SSQ, Old Craig and SSQ Subco pursuant to which SSQ acquired all of the issued and outstanding shares of Old Craig from the holders of shares of Old Craig in exchange for shares of SSQ. On the same day, immediately after the amalgamation, SSQ and the newly amalgamated entity proceeded with a subsequent amalgamation and the amalgamated company continued as the Company. Upon completion of the transaction, the Company became a reporting issuer.

For accounting purposes, the amalgamation is considered a reverse takeover with Old Craig identified as the acquirer and SSQ as the deemed acquired company. In accordance with GAAP (EIC 10 — Reverse Takeover Accounting), the Company recorded these transactions as “reverse takeover transactions that do not constitute business combinations”.

There are a number of factors that indicate that the Old Craig is the continued entity for accounting purposes including: the use of the Craig name and its principal business operations; dominance of the management of Craig and lack of any individually significant shareholdings other than former Craig shareholders.

A summary of the net assets of SSQ acquired on September 1, 2007 is as follows:

	$
Cash	145,775
Accounts receivable	731
Accounts payable and accruals	(30,471)
Net assets	116,035
Costs incurred by SSQ to complete reverse takeover	(145,775)
Net liability	(29,740)

The net liabilities of SSQ were charged to deficit and resulted in an increase to the September 1, 2007 deficit of $29,740 and the costs incurred to complete the reverse takeover transaction were expensed in the statement of operations.

3. AMALGAMATION (Continued)

The comparative figures for the six month period ended February 28, 2007 and as of August 31, 2007 represent those of Old Craig, however, for purposes of determining the loss per share for the three and six month period ended February 28, 2007, the weighted average number of shares outstanding represents the number of shares issued to Old Craig in the reverse takeover transaction.

4. CHANGES IN ACCOUNTING POLICIES

Effective September 1, 2007, the Company adopted CICA Handbook Section 1530 "Comprehensive Income", Section 3855 "Financial Instruments — Recognition and Measurement", Section 3861 "Financial Instruments — Disclosure and Presentation".

Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles. The Company adopted these standards prospectively; accordingly, comparative amounts for prior periods have not been restated. The opening accumulated other comprehensive income balance represents the Company's opening cumulative translation adjustment related to its self-sustaining foreign operations.

Section 3855 prescribes when a financial asset, financial liability or non-financial instrument is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances.

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and, therefore, the comparative figures have not been restated. Upon adoption of these new standards, the Company has designated its financial instruments, as follows:

Financial Statement Item	Classification	Measurement
Cash	Held-for-trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Bank indebtedness	Other financial liabilities	Amortized cost
Accounts payable and accruals	Other financial liabilities	Amortized cost
Advances from related parties	Other financial liabilities	Amortized cost

All derivative instruments, including embedded derivatives, are recorded in the balance sheet and statement of operations and deficit at fair value unless exempted from derivative treatment as a normal purchase and sale. All changes in their fair value are recorded in operations.

The adoption of Section 1530 and 3855 had no impact on the opening deficit of the Company and consequently no adjustments were required.

Transaction costs

Transaction costs related to held-for-trading financial assets are expensed as incurred. Transaction costs related to loans and receivables and other financial liabilities are netted against the carrying value of the asset or liability and amortized over the expected life of the instrument using the effective interest rate method.

Future changes to significant accounting policies

CICA Handbook Sections 3862 "Financial Instruments — Disclosures" and 3863 "Financial Instruments — Presentation", are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. These Sections establish standards for presentation of financial instruments and non-financial derivatives and complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Handbook Section 3855 "Financial Instruments — Recognition and Measurement". The Sections deal with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and liabilities are offset.

CICA Handbook Section 1535 "Capital Disclosures", is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The Section will require the Company to disclose information that enables users of its financial statements to evaluate the Company's objectives, policies and processes for managing capital.

4. CHANGES IN ACCOUNTING POLICIES (Continued)

Management is currently considering the effect on the financial statements of the new standards.

5. INTANGIBLE ASSETS

	$
Balance, August 31, 2007	10,763,554
Purchase of spectrum	13,334,924
Amortization	(5,796)
Effect of foreign currency translation	110,485
Balance, November 30, 2007	24,203,167
Purchase of spectrum	943,338
Amortization	(5,796)
Effect of foreign currency translation	360,832
Balance, February 29, 2008	25,501,541

The Company purchased 50MHz spectrum in Norway for cash consideration of $12,834,924 (72,391,000 Norwegian Kroners) and other related costs of $500,000.

The Company purchased 40MHz spectrum in New Zealand for cash consideration of $900,838 (1,186,875 New Zealand Dollars) and other related costs of $42,500.

6. ADVANCES FROM RELATED PARTIES

	February 29, 2008	August 31, 2007
	$	$
Manalta Investment Company Ltd.	—	180,225
Advances from director	**6,490,495**	5,718,172
	6,490,495	5,898,397

During the period, a subsidiary of the Company executed a promissory note in favour of a director of the Company in replacement of an existing loan from UBS Bank USA. The loan is repayable upon the earlier of: (i) demand; or (ii) 120 days from the date it was issued and bears interest at a rate equal to the LIBOR on the date of issue, plus 1.25%. The advance to the subsidiary is secured by a guarantee issued by the Company.

7. SHARE CAPITAL

	February 29, 2008		August 31, 2007	
	Shares	$	Shares	$
Authorized				
Unlimited number of voting common shares				
Unlimited number of multiple voting shares				
Unlimited number of subordinate voting shares				
Unlimited number of non-voting shares				
Issued and outstanding				
Multiple voting shares	**3,642,883**	**12,750,092**	3,642,883	12,750,092
Subordinate voting shares	**44,121,875**	**44,513,614**	30,285,688	5,412,586
		57,263,706		18,162,678

7. SHARE CAPITAL (Continued)

The multiple voting shares are entitled to 200 votes per share and can be converted into subordinate shares on a 1:1 basis at the option of the holder, provided the holder is a Canadian resident.

The subordinate voting shares are entitled to one vote per share.

All holders of the issued and outstanding shares participate equally with respect to declared dividends.

Subordinate voting shares

	Shares	$
Share capital, August 31, 2007	30,285,688	5,412,586
Shares issued on amalgamation	1,683,330	—
Issued for cash on private placement	11,430,000	40,005,000
Share issuance costs	—	(3,221,971)
Exercise of options	722,857	2,317,999
Balance, November 30, 2007	44,121,875	44,513,614
Exercise of options	33,333	—
Balance, February 29, 2008	44,155,208	44,513,614

During the first quarter, the Company raised $40,005,000 through a private placement, issuing 11,430,000 subordinate voting shares. The Company incurred transaction costs of $3,221,971 and these costs were recorded as a reduction of share capital.

During the first quarter, the Company received cash consideration of $68,001 related to the exercise of the options. The exercise of the options resulted in $2,249,998 being transferred from contributed surplus to share capital.

On November 15, 2007, as part of the Company's stock option plan, the Company granted 6,750 options to purchase subordinate voting shares to management and other personnel of CWS. The options expire on November 16, 2017 and are exercisable at $4.01 per share and vest and become exercisable on November 15, 2008. The fair value of the options granted during the first quarter was $9,566.

The Black-Scholes option pricing model was used to calculate the value of the options and the assumptions were as follows:

Expected option life (years)	10
Expected volatility	10%
Risk-free interest rate	4.25%
Dividend yield	nil

On January 29, 2008, as part of the Company's stock option plan, the Company granted 120,000 options to purchase subordinate voting shares to certain directors of CWS. The options expire on January 29, 2018 and are exercisable at $3.41 per share. The fair value of the options granted during the period was $217,320.

The Black-Scholes option pricing model was used to calculate the value of the options and the assumptions were as follows:

Expected option life (years)	10
Expected volatility	35%
Risk-free interest rate	3.83%
Dividend yield	nil

Total compensation expense of $43,203 related to the outstanding options was recognized in the current period.

7. SHARE CAPITAL (Continued)

Summary of stock option transactions is as follows:

	Multiple voting stock options		Subordinate voting stock options	
	Number of Options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding, August 31, 2007	2,000,000	3.50	1,542,857	2.86
Assumed on amalgamation	—	—	201,666	3.50
Granted	—	—	347,505	3.51
Exercised	—	—	(722,857)	0.07
Expired/cancelled	—	—	—	—
Outstanding, November 30, 2007	2,000,000	3.50	1,369,171	3.24
Granted	—	—	120,000	3.41
Exercised	—	—	(33,333)	0.60
Expired/cancelled	—	—	—	—
Outstanding, February 29, 2008	2,000,000	3.50	1,455,838	3.32

The multiple voting stock options outstanding at February 29, 2008 were as follows:

Date Issued	Number of Options Outstanding	Exercise Price $	Expiry Date
August 22, 2007	2,000,000	3.50	August 31, 2017
	2,000,000		

The subordinate voting stock options outstanding at November 30, 2007 were as follows:

Date Issued	Number of Options Outstanding	Exercise Price $	Expiry Date
August 22, 2007	900,000	3.50	August 31, 2017
Assumed on amalgamation	88,333	0.60	May 18, 2009
September 1, 2007	340,755	3.50	September 1, 2008
November 15, 2007	6,750	4.01	November 15, 2017
January 29, 2008	120,000	4.01	January 29, 2018
	1,455,838		

Contributed surplus

	$
Balance, August 31, 2007	5,705,903
Stock-based compensation	24,500
Exercise of options	(2,249,998)
Balance, November 30, 2007	3,480,405
Stock-based compensation	43,203
Balance, February 29, 2008	3,523,608

8. COMMITMENTS

The Company has entered into various lease agreements with estimated minimum annual payments as follows:

	$
2009	1,143,049
2010	1,111,303
2011	993,149
2012	892,717
2013	604,144
	4,744,363

9. FINANCIAL INSTRUMENTS

Currency risk

The Company operates internationally and is exposed to risk from changes in foreign currency rates. The following balances in Canadian Dollars include amounts denominated in United States' of America Dollars and Euros as at period end:

February 29, 2008	US $	€
Cash	2,696,069	389,951
Accounts receivable	—	705,262
Accounts payable and accruals	586,037	417,075
Advances from related parties	6,490,495	—

August 31, 2007	US $	€
Cash	5,050	302,589
Accounts receivable	—	1,079,187
Bank indebtedness	6,924,996	—
Accounts payable and accruals	623,834	70,673

10. SEGMENTS

The Company has three reportable segments: Craig Wireless Manitoba Inc., Craig Wireless British Columbia Inc. and Craig Wireless Systems (Cyprus) Limited. These business segments are differentiated by geographical areas and their ownership of the broadcasting license in Manitoba, Canada, British Columbia, Canada, and Greece. Information about other business activities and operating segments that are not reportable have been combined and disclosed in an "all others" category.

10. SEGMENTS (Continued)

Segmented Operations for the three months ended February 29, 2008

	Cyprus	Manitoba	British Columbia	All Others	Total
	$	$	$	$	$
Sales					
Television distribution	—	280,908	338	—	281,246
Internet	—	176,146	25,353	—	201,499
Total Sales	—	457,054	25,691	—	482,745
Cost of Sales	—	145,181	4,240	—	149,421
Expenses	121,699	558,679	216,181	861,999	1,758,558
Loss from operations	121,699	246,806	194,730	861,999	1,425,234
Other Income (expense)	107,598	27,548	73,982	40,825	249,953
Loss (income)	14,101	219,258	120,748	821,174	1,175,281

Segmented Operations for the three months ended February 28, 2007

	Cyprus	Manitoba	British Columbia	All Others	Total
	$	$	$	$	$
Sales					
Television distribution	—	310,462	365	—	310,827
Internet	—	170,677	27,592	—	198,269
Total Sales	—	481,139	27,957	—	509,096
Cost of Sales	—	179,240	4,283	—	183,523
Expenses	104,784	408,105	164,290	272,498	949,677
Loss from operations	104,784	106,206	140,616	272,498	624,104
Other Income (expense)	(214,673)	13,862	1,130	(174,493)	(374,174)
Loss (income)	319,457	92,344	139,486	446,991	998,278

Segmented Operations for the six months ended February 29, 2008

	Cyprus	Manitoba	British Columbia	All Others	Total
	$	$	$	$	$
Sales					
Television distribution	—	547,934	730	—	548,664
Internet	—	350,888	51,905	—	402,793
Total Sales	—	898,822	52,635	—	951,457
Cost of Sales	—	283,758	7,805	—	291,563
Expenses	1,090,338	1,017,705	418,272	1,451,106	3,977,421
Loss from operations	1,090,338	402,641	373,442	1,451,106	3,317,527
Other Income (expense)	117,005	64,080	68,849	1,104,428	1,354,362
Loss (income)	973,333	338,561	304,593	346,678	1,963,165

10. SEGMENTS (Continued)

Segmented Operations for the six months ended February 28, 2007

	Cyprus	Manitoba	British Columbia	All Others	Total
	$	$	$	$	$
Sales					
Television distribution	—	650,079	750	—	650,829
Internet	—	338,459	54,328	—	392,787
Total Sales	—	988,538	55,078	—	1,043,616
Cost of Sales	—	394,797	8,017	—	402,814
Expenses	325,782	843,618	337,060	586,158	2,092,618
Loss from operations	325,782	249,877	289,999	586,158	1,451,816
Other Income (expense)	(214,483)	34,527	1,276	(128,224)	(306,904)
Loss (income)	540,265	215,350	288,723	714,382	1,758,720

Segmented Assets

	February 29, 2008	August 31, 2007
	$	$
Craig Wireless Manitoba Inc.	**4,934,226**	5,025,300
Craig Wireless British Columbia Inc.	**267,295**	372,137
Craig Wireless Systems (Cyprus) Limited	**17,439,774**	12,626,508
All Others	**25,478,376**	40,812,559
Total Assets	**48,119,671**	58,836,504

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to compare with the current period presentation.

12. SUBSEQUENT EVENTS

Subsequent to February 29, 2008 CWS entered into commitments to purchase € 180,506 and $214,484 in United States' of America Dollars of equipment and services that are scheduled to be delivered during the current fiscal year.

GLOSSARY OF TECHNICAL TERMS

“3G”	means the third generation of mobile phone standards and technology, based on the International Telecommunication Union family of standards under the International Mobile Telecommunications programme.
“4G”	means the fourth generation of mobile phone standards and technology, a projected total replacement of 3G.
“AAA”	means terminology denoting the methodology of a server with respect to Authentication, Authorization and Accounting or providing a loggable audit trail of user authentications (“triple A” server).
“ASN”	means Access Service Network.
“BDU”	means broadcasting distribution undertaking which is a class of broadcasters in Canada that distribute television programming to subscribers using a variety of distribution technologies, including conventional coaxial cable technology.
“BSS”	means base station subsystem.
“CLEC”	means Competitive Local Exchange Carrier, a telecommunications provider company that competes with established carriers.
“CPE”	means Customer Premises Equipment.
“CRTC”	means Canadian Radio-television and Telecommunications Commission.
“GHz”	means gigahertz (10^9 hertz).
“IEEE”	means Institute of Electrical and Electronics Engineers.
“ILEC”	means Incumbent Local Exchange Carrier, an established telecommunications provider company.
“HSPA”	means High Speed Packet Access,a collection of mobile telephony protocols.
“LTE”	means UTRANLong Term Evolution.
“MCS”	means Multipoint Communication System, which is a wireless technology platform used to provide fixed wireless services in the lower portion of the 2.5 GHz band (2500-2596 GHz).
“MDS”	means Multipoint Distribution System, which is a wireless technology platform used to provide wireless digital television broadcasting services in the upper portion of the 2.5 GHz band (2596 - 2686 GHz).
“MHz”	means megahertz (10^6 hertz).
“NTPC”	means the National Telecommunications and Posts Committee.
“OECD”	means Organization for Economic Co-operation and Development.
“OSS”	means operations support system.
“PSAP”	means Public Safety Answering Point.
“PSTN”	means public switched telephone network.
“spectrum license”	means the right or privilege of use of a specified portion of the radio frequency spectrum in any given geographical area for the purpose specified in the license. Spectrum licenses typically contain terms and conditions which apply to the right to use the radio spectrum, such as the terms of the license, the services that may be provided pursuant to the licenses and technological specifications, such as carrier frequencies and bandwidth modulation, effective radiated power, height above average terrain,

antenna requirements, and emission patterns. The licensing of radio spectrum is typically performed by government agencies which manage the limited resource of radio frequency spectrum and implement spectrum usage policies.

"VoIP"	means voice over Internet Protocol, referring to a category of hardware and software used to manage the delivery of voice communications over the Internet.
"WiFi"	means the trade name used for a common wireless technology.
"WiMAX"	means Worldwide Interoperability for Microwave Access. WiMAX is not a technology, but rather a certification given to equipment that meets the standards of the WiMAX Forum.

CERTIFICATE OF THE COMPANY

Dated: June 9, 2008

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador.

(Signed) DAVID LAZZARATO David Lazzarato Chief Executive Officer	(Signed) WESLEY THIESSEN Wesley Thiessen Interim Chief Financial Officer

On Behalf of the Board of Directors

(Signed) J. DREW CRAIG J. Drew Craig Director	(Signed) DAVID CORIAT David Coriat Director

CERTIFICATE OF THE AGENTS

Dated: June 9, 2008

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador.

National Bank Financial Inc.	Clarus Securities Inc.
(Signed) Jim Hardy	(Signed) James E. Lorimer

CIBC World Markets Inc.	Cormark Securities Inc.	RBC Dominion Securities Inc.
(Signed) Kevin A. Li	(Signed) Michael McCloskey	(Signed) Jan Sorhaug

Appendix "A"

Audit Committee Charter

CRAIG WIRELESS SYSTEMS LTD.
(the "Corporation")

1. RESPONSIBILITY

The Audit Committee (the "**Committee**") is responsible for assisting the Board of Directors of the Corporation (the "**Board**") in fulfilling its oversight responsibilities in relation to:

(i) the integrity of the Corporation's financial statements;

(ii) the financial and accounting processes of the Corporation and the audits of the Corporation;

(iii) the Corporation's compliance with legal and regulatory requirements related to financial reporting;

(iv) the qualifications, independence and performance of the Corporation's auditor;

(v) the design and implementation of internal controls and disclosure controls;

(vi) the review and identification of the principal risks facing the Corporation and development of appropriate procedures to monitor and mitigate such risks;

(vii) the development, implementation and administration of the Corporation's Whistleblower Policy; and

(viii) any additional matters delegated to the Committee by the Board.

2. MEMBERS

The members of the Committee will be selected by the Board on the recommendation of the Corporation's Compensation, Corporate Governance and Nomination Committee (the "**Governance Committee**"). The Committee will initially be comprised of three directors of the Corporation and its size may be increased if so determined by the Board.

Subject to certain limited exceptions in applicable securities laws, each member of the Committee will be both "independent" and "financially literate" within the meaning of applicable securities laws, including without limitation, Multilateral Instrument 52-110 — *Audit Committees*.

3. DUTIES

The Committee is responsible for performing the duties set out below as well as any other duties at any time required by law to be performed by the Committee or otherwise delegated to the Committee by the Board.

(a) Appointment and Review of the Auditor

The auditor is ultimately accountable to the Committee and reports directly to the Committee. Accordingly, the Committee will evaluate and be responsible for the Corporation's relationship with the auditor. Specifically, the Committee will:

(i) select, evaluate and recommend an auditor to the Board for appointment or reappointment, as the case may be, by the shareholders of the Corporation and make recommendations with respect to the auditor's compensation;

(ii) review and approve the auditor's engagement letter;

(iii) review, after seeking and taking into account the opinions of senior management, the experience, qualifications, performance and independence (including considering whether the auditor's provision of any permitted non-audit services is compatible with maintaining its independence) of the auditor, its engagement and lead partners, with a view to recommending its appointment or reappointment;

(iv) resolve any disagreements between senior management and the auditor regarding financial reporting;

(v) at least annually, obtain and review a report by the auditor describing:

(A) the auditor's internal quality-control procedures, including the safeguarding of confidential information;

(B) any material issues raised by (I) the most recent internal quality control review, or peer review, of the auditor, which relates to services provided to the Corporation or its subsidiaries by the auditor, or (II) the review of the auditor by any independent oversight body, such as the Canadian Public Accountability Board, or governmental or professional authorities within the preceding year respecting one or more independent audits carried out by the auditor, and, in the case of each of (I) and (II), the steps taken to deal with any issues raised in any such review;

(vi) meet with senior management not less than quarterly without the auditor present for the purpose of discussing, among other things, the performance of the auditor and any issues that may have arisen during the quarter; and

(vii) where appropriate, recommend to the Board that the auditor be terminated.

(b) Confirmation of the Auditor's Independence

At least annually, and in any event before the auditor issues its report on the annual financial statements, the Committee will:

(i) review a formal written statement from the auditor describing all of its relationships with the Corporation;

(ii) discuss with the auditor any relationships or services that may affect its objectivity and independence (including considering whether the auditor's provision of any permitted non-audit services is compatible with maintaining its independence);

(iii) obtain written confirmation from the auditor that it is objective within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which it belongs and is an independent public accountant within the meaning of the Independence Standards of the Canadian Institute of Chartered Accountants; and

(iv) confirm that the auditor has complied with applicable rules, if any, with respect to the rotation of certain members of the audit engagement team.

(c) Pre-Approval of Non-Audit Services

The Committee will pre-approve the appointment of the auditor for any non-audit service to be provided to the Corporation or to any subsidiary of the Corporation; provided that it will not approve any service that is prohibited under the rules of the Canadian Public Accountability Board or the Independence Standards of the Canadian Institute of Chartered Accountants. Before the appointment of the auditor for any non-audit service, the Committee will consider the compatibility of the service with the auditor's independence. The Committee may pre-approve the appointment of the auditor for any non-audit services by adopting specific policies and procedures, from time to time, for the engagement of the auditor for non-audit services. Such policies and procedures will be detailed as to the particular service, and the Committee must be informed of each service, and the procedures may not include delegation of the Committee's responsibilities to management. In addition, the Committee may delegate to one or more independent members the authority to pre-approve the appointment of the auditor for any non-audit service to the extent permitted by applicable law provided that any pre-approvals granted pursuant to such delegation shall be reported to the full Committee at its next scheduled meeting.

(d) Communications with the Auditor

The Committee has the authority to communicate directly with the auditor and will meet privately with the auditor periodically to discuss any items of concern to the Committee or the auditor, such as:

(i) the scope, planning and staffing of the audit;

(ii) the auditor's materiality threshold for the audit;

(iii) the assessment by the auditor of significant audit risk;

(iv) any material written communications between the auditor and senior management, such as any management letter or schedule of unadjusted differences;

(v) whether or not the auditor is satisfied with the quality and effectiveness of financial recording procedures and systems;

(vi) the extent to which the auditor is satisfied with the nature and scope of its examination;

(vii) whether or not the auditor has received the full co-operation of senior management and other employees of the Corporation;

(viii) the auditor's opinion of the competence and performance of the Chief Financial Officer and other key financial personnel;

(ix) the items required to be communicated to the Committee under the Canadian authoritative guidance;

(x) critical accounting policies and practices to be used by the Corporation and its subsidiaries;

(xi) alternative treatments of financial information within generally accepted accounting principles ("**GAAP**") that have been discussed with senior management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor;

(xii) any difficulties encountered in the course of the audit work, including any unresolved issues, any restrictions imposed on the scope of activities or access to requested information, any significant disagreements with senior management and their response; and

(xiii) any illegal act that may have occurred.

(e) Review of the Audit Plan

The Committee will discuss with the auditor the nature of an audit and the responsibility assumed by the auditor when conducting an audit under generally accepted auditing standards. The Committee will review a summary of the auditor's audit plan for each audit and approve the audit plan with such amendments as it may agree with the auditor.

(f) Review of Audit Fees

The Committee will review and determine the auditor's fee and the terms of the auditor's engagement and inform the Board thereof. In determining the auditor's fee, the Committee will consider, among other things, the number and nature of reports to be issued by the auditor, the quality of the internal controls of the Corporation, the size, complexity and financial condition of the Corporation and the extent of support to be provided to the auditor by the Corporation.

(g) Review of Financial Statements and MD&A

The Committee will review and discuss with senior management and the auditor the annual audited financial statements, together with the auditor's report thereon and the interim financial statements, before recommending them for approval by the Board. The Committee will also review and discuss with senior management and the auditor management's discussion and analysis relating to the annual audited financial statements and interim financial statements. The Committee will also engage the auditor to review the interim financial statements prior to the Committee's review of such financial statements.

In conducting its review of the financial statements and related management's discussion and analysis, the Committee will:

(i) consider the quality of, and not just the acceptability of, the accounting principles, the reasonableness of senior management's judgments and estimates that have a significant effect upon the financial statements, and the clarity of the disclosures in the financial statements;

(ii) discuss any analyses prepared by senior management or the auditor that set out significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP treatment;

(iii) discuss the effect of off-balance sheet transactions, arrangements, obligations (including contingent liabilities) and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Corporation's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues and expenses;

(iv) consider any proposed changes in accounting practices or policies and their impact on financial statements of the Corporation;

(v) discuss with senior management, the auditor and, if necessary, legal counsel, a report from senior management describing any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters have been disclosed in the financial statements;

(vi) discuss with senior management and the auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Corporation's financial statements or accounting policies;

(vii) discuss with the auditor any special audit steps taken in light of material weaknesses in internal control;

(viii) review the results of the audit, including any reservations or qualifications in the auditor's opinion;

(ix) discuss with senior management all significant variances between comparative reporting periods;

(x) discuss with the auditor any difficulties encountered in the course of the audit work, including any restrictions on the scope of their procedures and access to requested information, accounting adjustments proposed by the auditor which were "passed" (as immaterial or otherwise), and significant disagreements with senior management and the method of resolution; and

(xi) consider any other matter which in its judgment should be taken into account in reaching its recommendation to the Board concerning the approval of the financial statements.

(h) Review of Other Financial Information

The Committee will review:

(i) all earnings press releases and other press releases disclosing financial information, as well as financial information and written earnings guidance provided to analysts and rating agencies. The Committee will also review the use of "pro forma" or "adjusted" non-GAAP information in such press releases and financial information. Such review may consist of a general discussion of the types of information to be disclosed or the types of presentations to be made;

(ii) all other financial statements of the Corporation that require approval by the Board before they are released to the public, including, without limitation, financial statements for use in prospectuses or other offering or public disclosure documents and financial statements required by regulatory authorities;

(iii) the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements; and

(iv) disclosures made to the Committee by the Chief Executive Officer and Chief Financial Officer during their certification process for applicable securities law filings about any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the ability to record, process, summarize and report financial information, and any fraud involving senior management or other employees who have a significant role in internal control over financial reporting.

(i) Oversight of Internal Controls and Disclosure Controls

The Committee will review periodically with senior management the adequacy of the internal controls and procedures that have been adopted by the Corporation to safeguard assets from loss and unauthorized use and to verify the accuracy of the financial records. The Committee will review any special audit steps adopted in light of material control deficiencies or identified weaknesses.

The Committee will review with senior management the controls and procedures that have been adopted by the Corporation to confirm that material information about the Corporation and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed.

(j) Legal Compliance

The Committee will review any legal matters that could have a significant effect on the Corporation's financial statements. It will also review with legal counsel material inquiries received from regulators and governmental agencies and advise the Board accordingly.

(k) Risk Management

The Committee will oversee the Corporation's risk management function and, on a quarterly basis, will review a report from senior management describing the major financial, legal, operational and reputational risk exposures of the Corporation and the steps senior management has taken to monitor and control such exposures, including the Corporation's policies with respect to risk assessment and management. The Committee will review environmental, insurance and other liability issues, risk management and information technology issues and review policies and procedures in respect thereof and report to the Board on such matters.

(l) Taxation Matters

The Committee will review with senior management the status of taxation matters of the Corporation and its subsidiaries. The Committee will also review a report from senior management confirming that the Corporation and its subsidiaries have withheld or collected and remitted all amounts required to be withheld or collected and remitted by them in respect of any taxes, levies, assessments, reassessments and other charges payable to any governmental authority.

(m) Employees of the Auditor

The Committee will establish, review and approve policies for the hiring by the Corporation of any partners and employees and former partners and former employees of the present or former auditor.

(n) Evaluation of Financial and Accounting Personnel

The Committee will have direct responsibility to:

(i) develop a position description for the Chief Financial Officer, setting out the Chief Financial Officer's authority and responsibilities, and present the same to the Governance Committee and Board for approval;

(ii) review and approve the goals and objectives that are relevant to the Chief Financial Officer's compensation and present the same to the Governance Committee;

(iii) evaluate the Chief Financial Officer's performance in meeting his or her goals and objectives;

(iv) make specific recommendations to the Governance Committee and Board with respect to the Chief Financial Officer's compensation based on the evaluation referred to above;

(v) review and assess the performance of the Corporation's financial and accounting personnel; and

(vi) recommend to the Governance Committee and Board remedial action where necessary.

(o) Signing Authority and Approval of Expenses

The Committee will determine the signing authority of officers and directors in connection with the expenditure and release of funds. The Committee will also review the Chief Executive Officer and Chief Financial Officer's expense statements. Director expense statements will be reviewed by the Chief Executive Officer. Where the Chief Executive Officer thinks it advisable, he or she may request that the Committee review director expense statements.

4. COMPLAINTS PROCEDURE

The Committee will establish a Whistleblower Policy for the receipt, retention and follow-up of complaints received by the Corporation regarding accounting, internal controls, disclosure controls or auditing matters and any violation of the Corporation's Code of Business Conduct and Ethics and a procedure for the confidential, anonymous submission of concerns by employees of the Corporation regarding such matters.

5. REPORTING

The Committee will regularly report to the Board on:

(i) the auditor's independence, engagement and fees;

(ii) the performance of the auditor and the Committee's recommendations regarding its reappointment or termination;

(iii) the adequacy of the Corporation's internal controls and disclosure controls;

(iv) the Corporation's risk management procedures;

(v) its recommendations regarding the annual and interim financial statements of the Corporation, including any issues with respect to the quality or integrity of the financial statements;

(vi) its review of the annual and interim management's discussion and analysis;

(vii) any complaints made under and the effectiveness of the Corporation's Whistleblower Policy;

(viii) the Corporation's compliance with legal and regulatory requirements related to financial reporting; and

(ix) all other significant matters it has addressed or reviewed and with respect to such other matters that are within its responsibilities, together with any associated recommendations.

6. AUDIT COMMITTEE MEETINGS

(a) Scheduling

The Committee will meet as often as it determines is necessary to fulfill its responsibilities, which in any event will be not less than quarterly. A meeting of the Committee may be called by the auditor, the Chairman of the Committee, the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer or any Committee member.

Meetings will be held at a location determined by the Chairman of the Committee and notice shall be given in accordance with the provisions of the Corporation's by-laws.

(b) Notice to Auditor

The auditor is entitled to receive notice of every meeting of the Committee and, at the expense of the Corporation, to attend and be heard thereat and, if so requested by a member of the Committee, shall attend any meeting of the Committee held during the term of office of the auditor.

(c) Agenda

The Chairman of the Committee will establish the agenda for each meeting. Any member may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any meeting raise subjects that are not on the agenda for the meeting.

(d) Distribution of Information

The Chairman of the Committee will distribute, or cause the officers of the Corporation to distribute, an agenda and meeting materials in advance of each meeting to allow members sufficient time to review and consider the matters to be discussed.

(e) Attendance and Participation

Each member is expected to attend all meetings. A member who is unable to attend a meeting in person may participate by telephone, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. A member participating in such a manner shall be deemed to be present at the meeting.

(f) Quorum

Two members will constitute a quorum for any meeting of the Committee. Provided however that two members shall constitute a majority of the members. In accordance with the Corporation's by-laws, the Committee has the power to fix its quorum at not less than the majority of its members.

(g) Voting and Approval

At meetings of the Committee, each member will be entitled to one vote and questions will be decided by a majority of votes. In case of an equality of votes, the Chairman of the Committee will not have a second or casting vote in addition to his or her original vote.

(h) Procedures

Procedures for Committee meetings will be determined by the Chairman of the Committee unless otherwise determined by the by-laws of the Corporation or a resolution of the Committee or the Board.

(i) Transaction of Business

The powers of the Committee may be exercised at a meeting where a quorum is present in person or by telephone or other electronic means, or by resolution in writing signed by all members entitled to vote on that resolution at a meeting of the Committee.

(j) Absence of Chairman of the Committee

In the absence of the Chairman of the Committee at a meeting (or by telephone or other electronic communication facility) of the Committee, the members in attendance must select one of them to act as chairman of that meeting.

(k) Secretary

The Committee may appoint one of its members or any other person to act as secretary.

(l) Minutes of Meetings

A person designated by the Chairman of the Committee at each meeting will keep minutes of the proceedings of the Committee and the Chairman will cause an officer of the Corporation to circulate copies of the minutes to each member on a timely basis.

7. CHAIR

Each year, the Board will appoint one member who is qualified for such purpose to be Chairman of the Committee. If, in any year, the Board does not appoint a Chairman of the Committee, the incumbent Chairman of the Committee will continue in office until a successor is appointed.

8. REMOVAL AND VACANCIES

Any member may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to meet the qualifications set out above. The Board will fill vacancies on the Committee by appointment from among qualified members of the Board. If a vacancy exists on the Committee, the remaining members will exercise all of its powers so long as a quorum remains in office.

9. ASSESSMENT

At least annually, the Governance Committee will review the effectiveness of the Committee in fulfilling its responsibilities and duties as set out in this Charter and in a manner consistent with the mandate adopted by the Board.

10. REVIEW AND DISCLOSURE

The Committee will review this Charter at least annually and submit it to the Governance Committee together with any proposed amendments. The Governance Committee will review the Charter and submit it to the Board for approval with such further proposed amendments as it deems necessary and appropriate.

This Charter will be posted on the Corporation's Web site and the annual report of the Corporation will state that this Charter is available on the Web site or is available in print to any shareholder who requests a copy.

11. ACCESS TO OUTSIDE ADVISORS AND RECORDS

The Committee may retain independent counsel and any outside advisor at the expense of the Corporation at any time and has the authority to determine any such advisors' fees and other retention terms.

The Committee, and any outside advisors retained by it, will have access to all records and information relating to the Corporation and its subsidiaries and all their respective officers, employees and agents which it deems relevant to the performance of its duties.

Appendix "B"

Mandate of the Board of Directors

CRAIG WIRELESS SYSTEMS LTD.
(the "Corporation")

The purpose of this document is to summarize the governance and management roles and responsibilities of the board of directors of the Corporation (the "Board").

1. ACCOUNTABILITY

The Board is responsible to shareholders.

2. ROLE

The role of the Board is to focus on governance and stewardship of the business carried on by the Corporation and its subsidiaries as a whole. The Board will review strategy, assign responsibility for achievement of that strategy, and monitor performance against those objectives. In fulfilling this role, the Board will regularly review the strategic plans developed by management so that they continue to be responsive to the changing business environment in which the Corporation and its subsidiaries operate.

3. RESPONSIBILITIES

In fulfilling its role, the Board will:

(a) Define Shareholder Expectations

- Satisfy itself that there is effective communication between the Board and the Corporation's shareholders, other stakeholders and the public.
- Determine, from time to time, the appropriate criteria against which to evaluate performance, and set corporate strategic goals and objectives within this context.

(b) Establish Strategic Goals, Performance Objectives and Operational Policies

The Board will review and approve broad strategic corporate objectives and establish corporate values against which the performance of the Corporation and its subsidiaries will be measured. In this regard, the Board will, at least annually:

- Approve long-term strategies.
- Review and approve management of the Corporation and its subsidiaries' strategic and operational plans so that they are consistent with long-term goals.
- Approve strategic and operational policies proposed by management and within which management of the Corporation and its subsidiaries will operate.
- Set targets against which to measure corporate and executive performance of the Corporation and its subsidiaries.
- Satisfy itself that a portion of executive compensation is linked appropriately to the Corporation's performance.
- Satisfy itself that a process is in place with respect to the appointment, development, evaluation and succession of senior management of the Corporation and its subsidiaries.

(c) Delegate Management Authority to the Chief Executive Officer

- Ensure that the boards of directors or managers of the Corporation's subsidiaries delegate to the Chief Executive Officer of the Corporation (the "Chief Executive Officer") the authority to manage and supervise the business of such company and decisions regarding the ordinary course of business and operations.

- Determine what, if any, executive limitations may be required in the exercise of the authority delegated to management.

(d) Monitor Corporate Performance

- Identify, understand, assess and monitor the principal risks of all aspects of the businesses in which the Corporation and its subsidiaries as a whole are engaged.
- Monitor performance of the Corporation and its subsidiaries against both short-term and long-term strategic plans and annual performance targets, and monitor compliance with Board policies and the effectiveness of risk management practices.
- Ensure that the boards of directors or managers of the Corporation's subsidiaries monitor compliance by management of its subsidiaries with internal controls and effective management information systems.

(e) Develop Board Processes

- Develop procedures relating to the conduct of the Board's business and the fulfillment of the Board's responsibilities.
- Develop the Board's approach to corporate governance through the Board's Compensation, Corporate Governance and Nomination Committee (the "Governance Committee").

4. QUALIFICATIONS OF DIRECTORS

Directors are expected to have the highest personal and professional ethics and values and be committed to advancing the best interests of the Corporation and its shareholders. They are also expected to possess skills and competencies in areas that are relevant to the Corporation's activities and that enhance the ability of the Board to effectively oversee the business and affairs of the Corporation and its subsidiaries.

A majority of the Board must be independent. Independence shall have the meaning, as the context requires, given to it in Canadian Securities Administrators Multilateral Instrument 52-110 *Audit Committees*, as such instrument may be amended from time to time. The Chairperson should act as the effective leader of the Board and ensure that the Board's agenda will enable it to successfully carry out its duties.

Each director must have an understanding of the Corporation's and its subsidiaries' principal operational and financial objectives, plans and strategies, financial position and performance as well as the performance of the Corporation and its subsidiaries relative to their principal competitors. Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with, or be incompatible with, Board membership. Directors who experience a significant change in their personal circumstances, including a change in their principal occupation, are expected to advise the Chairperson of the Governance Committee and, if determined appropriate by the Board on the recommendation of the Governance Committee, resign from the Board.

5. MEETINGS

The Board has meetings at least once in each quarter, with additional meetings held when required. Additional meetings may be called by any director by giving notice stating the date, time and place of the meeting to each of the directors. The independent directors will hold regularly scheduled meetings at which members of management and non-independent directors are not in attendance.

The Chairperson is primarily responsible for the agenda. Prior to each Board meeting, the Chairperson will discuss agenda items for the meeting with the Chief Executive Officer and other members of the Board. Any director may propose the inclusion of items on the agenda, request the presence of, or a report by any member of senior management of the Corporation or its subsidiaries, or at any Board meeting raise subjects that are not on the agenda for that meeting.

The Governance Committee and the Audit Committee generally have meetings quarterly, with additional meetings held when required. Meeting frequency and agendas for the standing committees may change from time to time, however, depending on opportunities or risks faced by the Corporation and its subsidiaries.

Notice of the place, day and time of each Board or committee meeting must be served on each director or committee member at least 48 hours prior to the meeting. Director or committee members may waive notice of any meeting, and attendance at a meeting without objection is deemed to be waiver of notice.

Procedures for Board Meetings

- Subject to any applicable by-laws, procedures for Board meetings are determined by the Chairperson unless otherwise determined by a resolution of the Board.
- Subject to any applicable by-laws, procedures for committee meetings are determined by the committee chairperson unless otherwise determined by a resolution of the committee or the Board.
- A quorum for any Board or committee meeting shall be as required by the constating documents of the Corporation or its subsidiary as applicable.

6. DIRECTORS' RESPONSIBILITIES

(a) Attendance and Participation

- Each director is expected to attend all meetings of the Board and any committee of which he or she is a member. A director who is unable to attend a meeting in person may participate by telephone or teleconference. The Board or any committee may also take action from time to time by unanimous written consent.
- In advance of each Board or committee meeting, members will receive the proposed agenda and other materials necessary for the directors' understanding of the matters to be considered. Directors are expected to spend the time needed to review the materials in advance of such meetings and to actively participate in such meetings.

(b) Service on Other Boards and Audit Committee

- The Board does not believe that its members should be prohibited from serving on the boards of other companies so long as these commitments do not materially interlere and are compatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Chairperson in advance of accepting an invitation to serve on the board of another company. In addition, directors cannot be on the board of a competitor of the Corporation.
- Members of the Audit Committee may not serve on the audit committees of more than two other companies without the prior approval of the Board.

(c) Access to Independent Advisors

- The Board and any committee may at any time retain outside financial, legal or other advisors at the expense of the Corporation and have the authority to determine the advisors' fees and other retention terms. Any director may, subject to the approval of the Chairperson, retain an outside advisor at the expense of the Corporation.

7. EVALUATION OF BOARD, DIRECTORS AND COMMITTEES

The Governance Committee, in consultation with the Chairperson, will ensure that an appropriate system is in place to evaluate and perform an annual evaluation of the effectiveness of the Board as a whole as well as the committees of the Board, and the boards of directors or managers and board committees of the

Corporation's subsidiaries, to ensure they are fulfilling their respective responsibilities and duties. In connection with these evaluations, each director will be requested to provide his or her assessment of the effectiveness of the Board and each committee as well as the performance of individual directors. These evaluations should take into account the competencies and skills each director is expected to bring to his or her particular role on the Board or on a committee, as well as any other relevant facts.

8. MANAGEMENT

(a) Management's Role

- The primary responsibility of management of the Corporation and its subsidiaries is to safeguard the Corporation's assets and to create wealth for shareholders. When performance is found to be inadequate, the Board has the responsibility to bring about appropriate change.
- Management of the Corporation and its subsidiaries is under the direction of the Chief Executive Officer. The Board shall take such steps as it deems necessary to satisfy itself as to the integrity of the Chief Executive Officer and other executive officers of the Corporation and its subsidiaries and that such individuals create a culture of integrity throughout the Corporation and its subsidiaries.

(b) Management's Relationship to the Board

- Senior management of the Corporation and its subsidiaries, primarily through the Chief Executive Officer, reports to and is accountable to the Board, or the board of such subsidiary which, in turn, is accountable to the Board.
- Business plans are developed to ensure the compatibility of shareholder, Board and management views on the Corporation's and its subsidiaries' strategic direction, performance targets and utilization of shareholders' equity. A special meeting of the Board is held each year to review the strategic initiatives and the business plan submitted by senior management of the Corporation and its subsidiaries.

(c) Board Access to Management

- Information provided by management to directors is critical to their effectiveness. In addition to the reports presented to the Board at its regular and special meetings, the Board is also kept informed on a timely basis by management of the Corporation and its subsidiaries with respect to developments and key decisions taken by management in pursuing the Corporation's and its subsidiaries' business plan. The directors periodically assess the quality, completeness and timeliness of information provided by management to the Board.

(d) Management Performance Review and Rewards

- The Governance Committee annually reviews the position description of the Chief Executive Officer and establishes objectives against which his or her performance is reviewed, with his or her compensation being assessed against these agreed objectives. Similar reviews and assessments are undertaken for other members of senior management in consultation with the Chief Executive Officer.

9. COMMUNICATION AND DISCLOSURE POLICIES

The Corporation shall adopt a Disclosure and Insider Trading Policy which summarizes its policies and practices regarding disclosure of material information to investors, analysts and the media. The purpose of this policy is to ensure that the Corporation's communications with the investment community are timely, consistent and in compliance with all applicable securities legislation. This Disclosure and Insider Trading Policy will be reviewed annually by the Board and will be available on the Corporation's website.

The Corporation endeavors to keep its shareholders informed of its progress through a comprehensive annual report, annual information form, quarterly interim reports and periodic press releases. It also maintains a website that provides summary information about the Corporation and ready access to its published reports, press releases, statutory filings and supplementary information provided to analysts and investors. Directors and management will meet with the Corporation's shareholders at the annual meeting and are available to respond to questions at that time.

Management meets on a regular basis with investment analysts, financial advisors and interested members of the public to ensure that accurate information is available to investors, including quarterly conference calls and webcasts to discuss the Corporation's financial results. The Corporation also endeavors to ensure that the media is kept informed of developments as they occur, and have an opportunity to meet and discuss these developments with the Corporation's designated spokespersons.

10. CODE OF BUSINESS CONDUCT AND ETHICS

The Board expects all directors, officers and employees of the Corporation and its subsidiaries to conduct themselves in accordance with the highest ethical standards and to adhere to any Code of Business Conduct and Ethics that may be established by the Corporation. Waivers of the Code of Business Conduct and Ethics will only be granted in exceptional circumstances where the waiver would not be inconsistent with the spirit of the Code of Business Conduct and Ethics and following consultation with legal counsel. Any waiver of the Code of Business Conduct and Ethics for officers or directors may only be made by the Board or the Governance Committee and will be disclosed to shareholders by the Corporation to the extent required by law, regulation or stock exchange requirement. Employees may seek waivers from the Chief Executive Officer and any such waivers will be promptly reported to the Board.

11. PROHIBITION ON PERSONAL LOANS

The Corporation will not, either directly or indirectly, including through its subsidiaries, extend or maintain credit, arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any director or executive officer of the Corporation.

12. ORIENTATION OF DIRECTORS

The Chief Executive Officer and the Chairman of the Board shall develop an orientation and education program for all directors of the Corporation and its subsidiaries. This program will include a review of the Corporation's organizational structure and material documentation, copies of all applicable policies and manuals and an explanation of the business carried on by the Corporation and its subsidiaries and their key assets. Education of directors shall be continuing so that they maintain and enhance their understanding of their responsibilities as directors of the Corporation and its subsidiaries.

APPENDIX A TO MANDATE OF THE BOARD OF DIRECTORS

Position Description of Chairperson

The Chairperson of the Board of the Corporation is principally responsible for overseeing the operations and affairs of the Board. In fulfilling his or her responsibilities, the Chairperson will:

(a) provide leadership to foster the effectiveness of the Board;

(b) ensure there is an effective relationship between the Board and senior management of the Corporation and its subsidiaries;

(c) ensure that the appropriate committee structure is in place and assist the Governance Committee in making recommendations for appointments to such committees;

(d) in consultation with the other members of the Board and the Chief Executive Officer, prepare the agenda for each meeting of the Board;

(e) ensure that all directors receive the information required for the proper performance of their duties, including information relevant to each meeting of the Board;

(f) chair Board meetings, including stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual directors and confirming that clarity regarding decision-making is reached and accurately recorded;

(g) together with the Governance Committee, ensure that an appropriate system is in place to evaluate the performance of the Board as a whole, the Board's committees and individual directors, and make recommendations to the Governance Committee for changes when appropriate;

(h) work with the Chief Executive Officer and other members of senior management to monitor progress on strategic planning, policy implementation and succession planning; and

(i) provide additional services required by the Board.

APPENDIX B TO MANDATE OF THE BOARD OF DIRECTORS

Position Description of Committee Chairperson

A committee chairperson is principally responsible for overseeing the operations and affairs of his or her particular committee. In fulfilling his or her responsibilities, the chairperson will:

(a) provide leadership to foster the effectiveness of the committee;

(b) ensure there is an effective relationship between the Board and the committee;

(c) ensure that the appropriate charter is in effect and assist the Governance Committee in making recommendations for amendments to the charter;

(d) in consultation with the other members of the committee and Board, where appropriate, prepare the agenda for each meeting of the committee;

(e) ensure that all committee members receive the information required for the proper performance of their duties, including information relevant to each meeting of the committee;

(f) chair committee meetings, including stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual members and confirming that clarity regarding decision-making is reached and accurately recorded;

(g) together with the Governance Committee, ensure that an appropriate system is in place to evaluate the performance of the committee as a whole, the committee's individual members, and make recommendations to the Governance Committee for changes when appropriate; and

(h) provide additional services required by the Board.

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